



# VAT Taxpayer

## Guide

# Special Zones

Version 1 – October 2021

**Disclaimer:**

This information is intended to provide a general understanding of the relevant treatment under the Sultanate of Oman's Value Added Tax Law and aims to provide a better general understanding of taxpayers' tax obligations. It is not intended to comprehensively address all possible tax issues that may arise. While the Sultanate of Oman's Tax Authority ("TA") has taken the initiative to ensure that all information contained in this guide is correct, the TA will not be responsible for any mistakes and inaccuracies that may be contained, or any financial loss or other incurred by individuals using the information from this guide. All information is current at the time of preparation and is subject to change when necessary.

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# 1. Introduction

## 1.1 What is this guide about?

The purpose of this guide is to provide guidance regarding the application of VAT related to Special Zones in Oman, including clarifications regarding the VAT treatment of the supply of goods and/or services to Special Zones, from these Zones or within the Zones and the VAT obligations which may arise.

The guide reflects the TA's interpretation on the application and treatment of VAT with respect to the VAT Law and the Executive Regulations at the date of issuance of this guide. This is strictly a guideline and may not include some relevant legislative provisions from the VAT legislation. This guide is not binding on the TA, or on any taxpayer in respect of any transaction carried out, and it cannot be relied upon in case of dispute.

For further guidance on specific transactions you may apply for a ruling, or visit the TA's website at [www.taxoman.gov.om](http://www.taxoman.gov.om)

## 1.2 Who should use this guide?

You should read this guide if you provide goods or services to, within or from special zones.

## 1.3 Definitions

The following terms are dealt with in this guide:

- **VAT Law:** The Value Added Tax Law of the Sultanate of Oman issued by Royal Decree No. 121/2020.
- **Executive Regulations:** Regulations to the Value Added Tax Law issued by Royal Decree No. 53/2021.
- **Authority:** The Tax Authority.
- **Tax:** Value Added Tax as defined in the Law.
- **Special Zone:** The Special Economic Zone and Free Zones that are classified by the Authority as a Special Zone.
- **GCC Member State:** Any other member state of the Gulf Co-operation Council of the Arabic Gulf States, provided this state applies VAT. At the time of issue, no states have yet fully implemented VAT. During the transitional period, all Gulf States should be treated as "non-Implementing States", equivalent to third country states for VAT purposes.
- **Directorate General of Customs:** The Directorate General of Customs at the Royal Oman Police.

- **Common Customs Law:** Common Customs Law of the States of the Gulf Cooperation Council.
- **Taxable Value:** The value used as a base to compute VAT in accordance with the provisions of the VAT Law.
- **Supply:** A supply of Goods or Services for Consideration in accordance with the VAT Law.
- **Supplier:** The person who supplies Goods or Services.
- **Customer:** The person who receives Goods or Services.
- **Import:** The entry of Goods from outside the GCC region into the Sultanate in accordance with the provisions of the Common Customs Law.
- **Export:** the exit of Goods from the Sultanate to outside the GCC in accordance with the provisions of the Common Customs Law.
- **Person:** Any natural or juristic person, including joint ventures, and partnership agreements signed outside the Sultanate which do not acquire the form of a company.
- **Taxable Person:** The person who conducts the activity independently for the purpose of generating income and is registered with the Tax Authority or is required to register with it pursuant to the provisions of the VAT Law.
- **Standard Rate:** the VAT rate of 5% applicable to the taxable supply of most Goods and Services. The Taxable person retains the right to deduct the Input tax associated with standard-rated supplies.
- **Zero Rate:** the VAT rate of zero percent (0%) is applicable to designated supplies of Goods and Services. The Taxable person retains the right to deduct the Input tax associated with zero-rated supplies
- **Place of Residence:** The place where the Workplace or Fixed Establishment is located, or the place of usual residence with respect to a natural person that does not have a Workplace or Permanent Establishment, or the place most closely associated with the supply if the person has a residence in more than one State.
- **Taxable Supplies:** The supplies on which Tax is charged at the standard or zero rate, and the Input Tax related thereto is deductible according to the provision of the VAT Law.
- **Goods:** All tangible assets and includes water and all types of energy including electricity, gas, lighting, heating, cooling and air conditioning.
- **Services:** any supply that is not Goods.
- **Reverse Calculation (Charge) Mechanism:** The mechanism under which the taxable Customer is liable to tax on behalf of the Supplier. (The customer acts as if he were the supplier and recipient of the taxable goods and calculates the tax due).
- **Place of Supply:** The Place of a Supply of a Good or Service determines whether any VAT should be accounted for on the supply in the Sultanate.
- **Economic Activity:** An activity that is conducted in a continuous and regular manner, particularly commercial, industrial, professional, artisanal, or service activity.

## 2. Registering for VAT

During a transitional period upon the introduction of Value Added Tax in the Sultanate, different rules will apply for registration. A separate transitional VAT registration guide has been published for that purpose, available on the Taxpayer Portal of the TA website.

[VAT Law VAT Regulation Chairman Decisions Registration Forms VAT FAQ's - VAT - Taxpayer Portal \(taxoman.gov.om\)](http://taxoman.gov.om)

Information in this guide relates to rules that apply after the transitional period.

VAT is a self-assessed tax; therefore, Persons are required to continually assess the need to be registered for VAT. Generally, VAT registration falls into two categories: Mandatory registration and Voluntary registration. If a taxable person's turnover exceeds the annual mandatory registration threshold, the Person is obligated to register; if it exceeds only the voluntary registration threshold, the Person has the option to register.

The following are taken into account for registration:

- Taxable supplies (i.e., standard and zero-rated supplies) less the value of any supplies that are part of the business' capital assets;
- Intra-GCC supplies of Goods and Services; and,
- Value of goods and services supplied to the taxable person in the Sultanate where the Reverse Charge Mechanism is applicable.

### **Mandatory registration threshold:**

Every person residing in the Sultanate is required to register by applying the following tests:

- **Backward Look:** If the total value of supplies made exceeds the mandatory VAT threshold (OMR 38,500) in the current month plus the previous 11 months.
- **Forward Look:** If it is expected that the total value of supplies to be made will exceed the mandatory VAT threshold (OMR 38,500) in the current month plus the next 11 months.

These tests must be carried out on a monthly rolling basis by an unregistered person engaged in an economic activity. If the answer is yes for either test, the person must register for VAT.

A non-resident of a GCC member state making any taxable supply in the Sultanate is required to register, regardless of the turnover.

## **Voluntary registration threshold:**

For the purposes of voluntary registration, a person may register based on the total annual value of taxable supplies made or taxable expenses. For example, a business that has not yet fully begun economic activity, but intends to, and has incurred expenses subject to VAT in excess of the voluntary registration threshold, may opt to register.

Every person residing in the Sultanate is allowed to register voluntarily by applying either one of the following tests:

### **1) Backward Look:**

- a) If the total value of supplies made exceeds the voluntary VAT threshold (OMR 19,250) in the current month plus the previous 11 months.
- b) If the total value of expenses exceeds the voluntary VAT threshold (OMR 19,250) in the current month plus the previous 11 months.

### **2) Forward Look:**

- a) If it is expected that the total value of supplies to be made will exceed the voluntary VAT threshold (OMR 19,250) in the current month plus the next 11 months.
- b) If it is expected that the total value of expenses will exceed the voluntary VAT threshold (OMR 19,250) in the current month plus the next 11 months.

These tests can be carried out on a monthly rolling basis by an unregistered person engaged in an economic activity. If the answer is yes for either test, the person may register for VAT.

## **2.1 VAT Registration in Special Zones**

Companies, establishments, enterprises or persons working in the Special Zones must determine whether they are required to register per the normal rules and must prove that they have a valid license and registration in the Special Zone from the relevant Special Zone Authority - operator or supervisor body.

The VAT registrant must attach to the VAT registration application:

- a copy of the commercial registration certificate; and
- a copy of the license certificate issued by the relevant Special Zone Authority for carrying out economic activity in the Zone.

**Note:** with reference to the provisions of article (125) of the VAT Executive Regulations, any Person registered with and accredited by the body authorized to operate a Special Zone in Oman is not permitted to register within a VAT group.

### **3. Special Zones**

Supplies to or within the Special Zones are subject to VAT at the zero rate following the provisions of Articles of (101) to (107) of the VAT Executive Regulations.

As of the date of this guide, only the following are considered as Special Zones for VAT purposes:

1. Al Mazunah Free Zone
2. Sohar Free Zone
3. Salalah Free Zone
4. Duqm Special Economic Zone

Activities permitted within Special Zones are to be set out by the competent authority who operates and supervises the Zone.

For the purposes of applying VAT at a rate of zero percent in the Special Zones, companies, enterprises, businesses and establishments operating in these areas must comply with the conditions stipulated in the VAT Executive Regulations.

#### **3.1 Identification of Special Zones**

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 an authority responsible for and licensed to operate it per the laws in force in the Sultanate.
4. Any other conditions determined by the Tax 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 Regulations, in accordance with procedures determined by the Tax Authority.

Information required by the Free Zone or the Special Economic Zone Operating Authority to be classified as a Special Zone for VAT purposes includes:



- a) **Details of the Special Zone:** Legal Name, Royal Decree or other establishing the Zone, if the Zone have procedures in place to monitor the movement of Goods and their Supply to the Zone, and whether the entire Zone is fenced or not.
- b) **Details of the Special Zone Operator/responsible authority:** Name, Business Address, Phone number, email, Commercial Registration Number (if a company), VAT Identification Number.
- c) **Details of activities in the Zone:** Main activity within the Zone and any other activities.
- d) **Declaration by Responsible Person:** a confirmation by the authorized person that all the information provided is correct, and an agreement that the person will be liable if any information submitted is incorrect.

### 3.2 The VAT treatment of Special Zones

VAT is a general consumption tax imposed on most supplies of goods and services in Oman. By default, VAT is chargeable on all supplies of goods and services throughout the territorial area of Oman, with limited exceptions specified in the Law and Executive Regulations.

**Note:** The territorial area of Oman also includes those areas currently defined as Special Zones.

There are special VAT rules in respect of VAT treatment of supplies of Goods and Services from, to or within Special Zones per the VAT Law, and in accordance with the Executive Regulations.

Tax payment is suspended on Goods imported to a Special Zone in cases where the customs duty on these Goods is suspended in accordance with the provisions of the Common Customs Law. Additionally, the supply of Goods or Services to or within one of the custom duty suspension cases mentioned in the Common Customs Law may be subject to VAT at the zero rate in accordance with the conditions determined by the Executive Regulations.

## 4. Application of VAT on Special Zones

There are special VAT rules in respect of VAT treatment of supplies of Goods and Services from, to or within Special Zones in accordance with the provisions of the VAT Law and its Executive Regulations.

### 4.1 Supply of Goods

#### General VAT Treatment of Supplies and Imports of Goods in Oman:

In general, Goods imported to Oman from outside the GCC Implementing States are subject to VAT at the time of importation (unless payment can be suspended or deferred).

Any supply of Goods made by a resident Taxable supplier within Oman is subject to VAT at the standard rate – unless exemption or another rate is applicable (e.g. zero rate for specified food items by Chairman Decision). In general, the territory of Oman includes all territory: both inside special zones, and outside special zones (“mainland” Oman). However, special rules apply where goods are supplied in connection with a special zone.

#### VAT Treatment of Goods in connection with a Special Zone:

Supplies of Goods to or within Special Zones are zero-rated subject to conditions specified in accordance with the Executive Regulations.

The below outlines the specific VAT treatment to be applied to Goods in connection with Special Zones:

- a) **The Supply or movement of Goods from Oman (mainland) to a Special Zone:** such supply or movement shall be taxable at the 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 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 the VAT Executive Regulations.

The Customer must sign a statement, which confirms it is licensed to operate in the Special Zone and that the Goods are for the purpose of carrying out the activity in the Special Zone and provide this to the Supplier. The Supplier shall not apply the zero rate if it does not hold such a statement.

- b) **The Supply or movement of Goods within Special Zones:** such supply or movement shall be taxable at the zero percent (0%) rate, according to the same conditions listed for the supply or movement of Goods to Special Zones above.
- c) **The Supply or movement of Goods from Special Zones to Oman (mainland):** Import VAT is payable at 5% by the importer of the Goods when Tax-suspended Goods are moved from a Special Zone to free circulation within Oman. The Import VAT shall be due on the date of release from the Special Zone.
- d) **The import of Goods from outside Oman into the Special Zone:** Import VAT is suspended on entry of goods into a Special Zone. This means that VAT is calculated based on the duty inclusive customs value of the Goods at the time of movement into the zone, but the VAT at 5% otherwise payable is suspended until release or at any other time when the suspension period ends under Common Customs Law.

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

Types of guarantee:

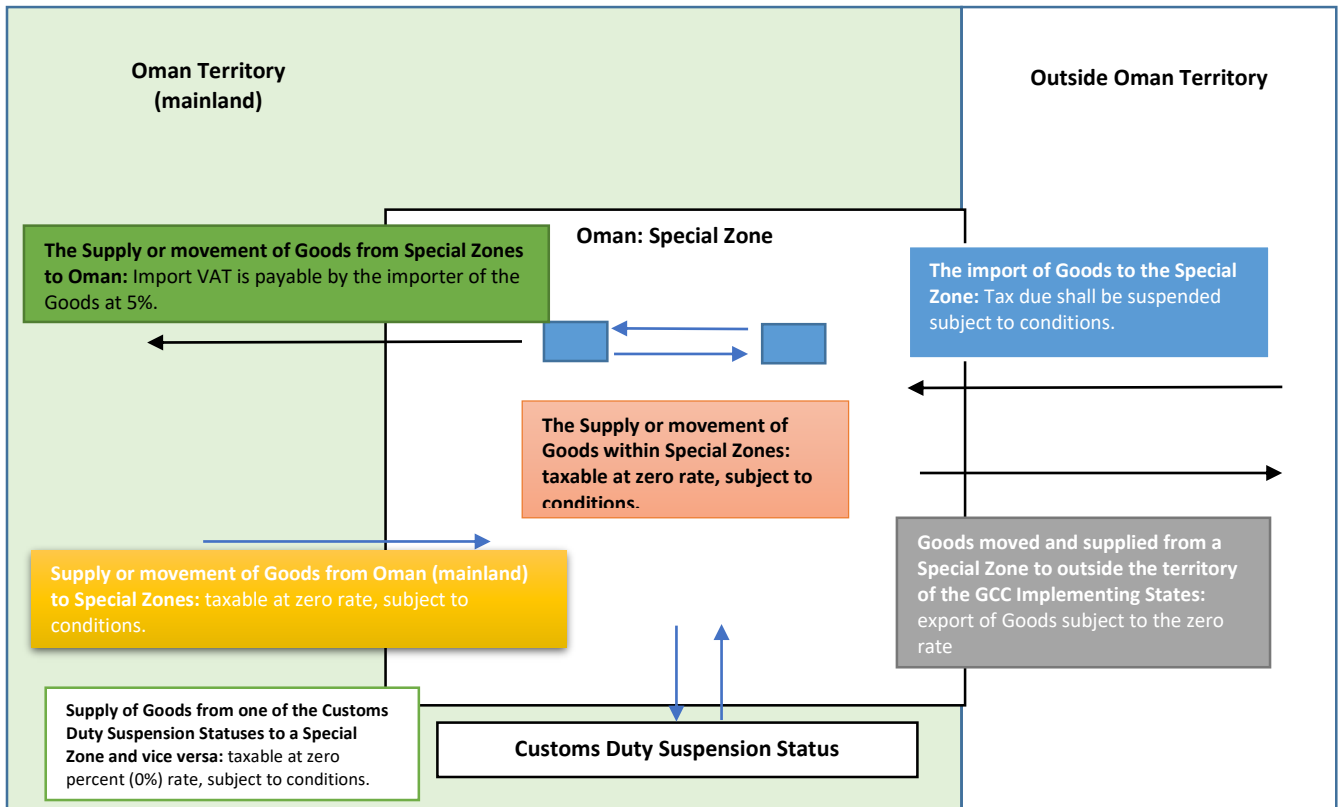
1. A bank guarantee
  2. A financial guarantee
  3. A written guarantee
  4. Any other type of guarantees determined by the Directorate General of Customs.
- e) **Goods moved and supplied from a Special Zone to outside the territory of the GCC countries:** these shall be treated with the same treatment applied to the export of Goods. Taking into account the transitional rules applicable where other GCC member states are currently considered as non-implementing states.
  - f) **The transfer of Goods from the Special Zone to one of the Customs Duty Suspension Statutes:** such transfer of Goods is taxable at the 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 Regulating Authority of the Special Zone or the Directorate General of Customs (as the case may be).

- g) **The Supply of Goods from one of the Customs Duty Suspension Statuses to a Special Zone:** such transfer of Goods shall be taxable at the zero percent (0%) rate, provided the conditions stipulated in the Executive Regulations - specified above in (a) - are met.

### Supply of Taxable Goods Scenarios

This diagram is prepared based on the understanding that all entities established in the Special Zone are VAT registered in Oman.



## 4.2 Supply of Services

### General VAT Treatment of Supplies of Services in Oman

The Supply of Services is defined broadly in article 16 of the VAT Law to be “any Supply not considered as a Supply of Goods”.

In general, supplies of services made by an Omani resident taxable supplier fall within the scope of VAT in Oman (i.e. subject to VAT). This includes supplies made from, to or within a Special Zone. However, some services supplied to a special Zone may qualify for the zero percent (0%) rate of VAT.

VAT is also charged on services which are supplied to a taxable person in Oman by a non-resident supplier. In these cases, the taxable person receiving the services must self-account for VAT due by way of the Reverse Charge Mechanism.

### VAT Treatment of Supplies of Services concerning a Special Zone

Article (107) of the VAT Executive Regulations states that 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 Authority.
3. The Customer has received the services for the purposes of carrying out 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 VAT Law.
5. The Services are not Exempted Services in accordance to the provisions of Article (47) of the VAT Law.

The Customer must sign a statement, which confirms it is licensed to operate in the Special Zone and that the services are for the purpose of carrying out the activity in the Special Zone and provide this statement to the Supplier. The Supplier shall not apply the zero rate if it does not hold such a statement.

If the supplied taxable services do not meet the conditions above, VAT will be charged at the standard rate of 5% unless an exemption from VAT is applicable as per other provisions of the VAT Law.

Similarly, where a non-resident service provider makes a Supply of taxable services into the Special Zone, the VAT registered recipient is liable to account for the VAT due via the Reverse Charge Mechanism.

Supply of taxable services made within the Special Zone (by a taxable supplier in the Zone to another taxable customer in the Zone), will be taxable at the zero percent (0%) rate provided the above criteria are met.

The Supply of taxable services from a supplier established in a Special Zone to a customer in mainland Oman will be subject to VAT at the standard rate of 5%, unless exempt per other provisions of the VAT Law.

Where services are exported (i.e. supplied to a person who is resident and located outside the GCC Implementing States), then the services could qualify to be zero-rated, subject to meeting the conditions for zero-rating supplies of services outside the GCC.

**Table (1): Supply of Taxable Services Scenarios**

Scenario of Supply	Specific VAT Treatment for Special Zone
<p><b>(1)(a) Supply of taxable services into the Special Zone by a VAT registered supplier in Oman</b></p>	<ul style="list-style-type: none"> <li>• If the conditions listed in article 107 of the Executive Regulations have been met, taxable at the zero percent (0%) rate.</li> <li>• In other cases, taxable at the standard rate of 5%, unless exempt per other provisions of the VAT Law.</li> </ul> <p>If VAT is charged and the recipient is VAT registered, VAT paid can be deducted (as input tax) according to normal deduction rules.</p>
<p><b>(1)(b) Supply of taxable services into the Special Zone by non-VAT registered supplier in Oman</b></p>	<p>No VAT will be charged by supplier. Accordingly, no input tax deduction/claim by recipient.</p>
<p><b>(1)(c) Supply of taxable services into the Special Zone by non-resident provider</b></p>	<ul style="list-style-type: none"> <li>• If the conditions listed in article 107 of the Executive Regulations have been met, taxable at the zero percent (0%) rate.</li> <li>• In other cases, taxable at the standard rate of 5%, unless exempt per other provisions of the VAT Law. The recipient customer must account for VAT via the Reverse Charge Mechanism.</li> </ul>
<p><b>(2) Supply of taxable services within the Special Zone - by a VAT registered company</b></p>	<p>Taxable at the zero percent (0%) rate, if the conditions listed in article 107 of the Executive Regulations have been met.</p>
<p><b>(3) Supply of taxable services from a Special Zone into Oman</b></p>	<p>Taxable at the standard rate of 5%, unless exempt per other provisions of the VAT Law.</p>
<p><b>(4) Supply of taxable services to a customer in another Special Zone or another customs suspension situation within Oman</b></p>	<p>Taxable at the zero percent (0%) rate, subject to meeting conditions for zero-rating.</p>
<p><b>(5) Supply of taxable services from a Zone to outside Oman</b></p>	<p>Could qualify to be Taxable at the zero percent (0%) rate, subject to the conditions for zero-rating of exported services.</p>

## 5. Specific cases

### 5.1 Public Utilities

A Special Zone requires supplies of utilities (electricity, water, air-conditioning etc.) for its daily operations. Such supplies are explicitly considered to be supplies of goods under definition of goods in the VAT Law. Hence any such supplies to or within a Special Zone should benefit from the zero rate as well. Utility suppliers will need to properly evidence supply is made to premises physically within the Special Zone.

### 5.2 Supplies of Real Estate and Related Services

The place of supply of real estate, which include the sale and lease of real estate, is where the real estate is located.

The Executive Regulations confirms that supplies of real estate made within Special Zones will be zero-rated, subject to the conditions attaching to supplies of Goods and Services within Special Zones.

Supplies of services related to real estate which are performed in the Special Zone will also be subject to VAT at the zero rate, subject to the conditions of supplies of goods and services related to Special Zones in the Executive Regulations.

### 5.3 Input VAT deduction

Businesses operating in Special Zones will be subject to the normal input VAT deduction rules stipulated in the VAT Executive Regulations:

A business operating in a Special Zone when incurring input tax on goods or services used to make taxable supplies and other exempt supplies will has the right – in reference to Article (42) of the VAT Law – to do the following:

- To deduct input tax in full on goods and services used only to make taxable supplies.
- Not to deduct input tax on goods and services used only to make exempt supplies.
- To deduct input tax on goods and services used to make both taxable supplies and exempt supplies, as per the rules of apportionment deduction listed in articles (59) – (64) of the Executive Regulations.

In order to deduct any VAT under the normal VAT rules, the businesses must be registered for VAT with the TA.



## 6. Reporting VAT

As a Taxable Person, you have an obligation to assess your own VAT liability, and to comply with your VAT obligations. This includes registering for VAT when required, filing tax returns, correctly calculating the amount of net tax you have to pay, paying tax on time, keeping all necessary records, and cooperating with officers of the TA upon request.

### 6.1 Date of supply

The date of supply is the date under the VAT Law and Executive Regulations when a supplier must account for VAT. All taxable persons must submit a three-monthly return and any supply which has a date of supply within that period must be reported on the return and the VAT due must be paid by the due date of submission of the return.

The VAT Law and Regulations stipulate the due dates on supplies. For the supply of services, VAT becomes due on the date on which the service performance was complete. However, if an invoice is issued by the supplier before the date of completion, VAT becomes due on the earlier date of invoicing rather than completion. If the payment is made before either completion of the service or the issuing of an invoice, VAT becomes due on the date of payment.

Where services are supplied as part of a continuous supply of services over a period of time, then the due date for VAT will be either a payment date or date of settlement mentioned in the tax invoice – whichever is earlier, and at least once every twelve (12) consecutive months.

### 6.2 Issuing Invoices

A taxable supplier must issue a tax invoice for each taxable supply made to any other VAT-registered person or to any other legal person. A taxable person may issue a simplified tax invoice in the event that the value of the supply is less than OMR 500 or in case that supplies do not require standard invoices.

The tax invoice must clearly detail information specified in the Executive Regulations, including the invoice date, supplier's tax identification number, taxable amount, tax rate applied, and the amount of VAT charged.

A simplified tax invoice must clearly contain the following details:

- The term "simplified tax invoice"
- The date of issuance, the date of supply, and the date of payment
- The supplier's full name, address and Tax identification number
- Description of the goods and services

- The quantity of goods
- Total consideration excluding Tax
- The applicable Tax rate
- Any price discounts, or reductions granted to the customer, or subsidies granted by the state that were not included in the value of the consideration excluding Tax
- Taxable value
- VAT due

### 6.3 Filing VAT returns

Each VAT registered person must file a VAT return with the TA for each monthly or quarterly tax period. The VAT return is considered the Taxable Person's self-assessment of tax due for that period.

The VAT return must be filed, and the corresponding payment of net tax due made, no later than the 30th day of the month following the end of the tax period to which the VAT return relates.

If the VAT return results in VAT due to the taxpayer of more than OMR 100 and the taxpayer has requested a refund on the specified form then the TA is required to make payment of said amount within 45 days of filing the return or the due date of the return, whichever is later. The TA will carry out a process of due diligence of the validity of the return. In some cases, this may result in an inspection before payment.

For more details, please refer to the published guideline on VAT Return Filing.

### 6.4 Keeping records

All taxpayers are required by law to keep appropriate VAT records relating to their calculation of VAT for audit purposes. This includes any documents used to determine the VAT payable on a transaction and in a VAT return. This will generally include:

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/result 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 evidencing taxable supplies at the zero percent (0%) rate according to the provisions of Executive Regulations
8. All tax invoices and other documents issued by the Taxable Person
9. All tax invoices and other documents received by the Taxable Person

The taxpayers should be able to provide the TA with information about any transactions they had and include all details and information that is necessary to determine the correct treatment of the supplies

Records may be kept in physical copy, or electronically where the conditions specified in the Executive Regulations are met to do so but must be made available to the TA on request.

All records must be kept for at least the standard retention period of ten (10) years. A longer minimum retention period is required for invoices or records that relate to assets that are deemed capital assets for the purpose of VAT and this can be up to 15 years.

In the event of a breach of this provision, the person shall be liable to the penalties provided for in the VAT Law.

### **6.5 Correcting past errors**

If a Taxable Person becomes aware of an error or an incorrect amount in a filed VAT return, or of any other non-compliance with the VAT obligation, the TA should be notified immediately and action taken to correct the error by amending the VAT return. Errors resulting in a net understatement of VAT must be made known to the TA within 30 days of detecting the error or incorrect amount, and the previous return must be amended.

## **7. Penalties**

The TA may impose penalties or fines on taxpayers for violations of VAT requirements set out by the Law or Executive Regulations.

The TA may impose administrative penalties which range from a fine of OMR 500 to OMR 10,000 depending on the nature of the offence. In addition, the TA may impose a penalty in the region of 1% to 25% of any tax incorrectly declared on the tax return (this includes an understatement of output tax or an overstatement of input tax).

In the cases of tax evasion, the TA may impose a fine of 300% of the tax evaded or attempted to evade.

In more serious cases the TA may request a prosecution of the taxpayer which can result in fines ranging from 1,000 OMR to 20,000 OMR and possible imprisonment of between two months and three years depending on the offence committed. These penalties can be doubled in the case of recurrence.

## **8. Further inquiries**

### **8.1 Contact information**

For more information, please contact the TA:

Oman Tax Authority:

Muscat

Muscat, Ruwi

P.O. Box: 285, P.C. 100

Hours: Sunday – Thursday | 07:30-14:30

Telephone: +968 2474 6996

Email: [info@taxoman.gov.om](mailto:info@taxoman.gov.om)

### **8.2 Forms and publications**

Further guidance, forms and publications will be issued by the TA and made available to the public at the TA Taxpayer Portal.

### **8.3 VAT News**

For current VAT news and updates, please visit the TA Taxpayer Portal: [www.taxoman.gov.om](http://www.taxoman.gov.om)