



VAT Taxpayer Guide

VAT Return Filing

Publication info: Version 1 – June 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 Overview

The Unified VAT Agreement for the Cooperation Council for the Unified Arab States of the Gulf ("VAT Agreement") was agreed on by the Sultanate of Oman and the Gulf Cooperation Council ("GCC") Member States. Pursuant to the provisions of the Unified VAT Agreement, the Sultanate of Oman issued Royal Decree No. 121/2020 dated 12/10/2020 ("VAT Law"), and its corresponding Executive Regulations ("Executive Regulations") issued by Royal Decree No. 53/2021 dated 10/03/2021.

1.2 Sultanate of Oman Tax Authority ("TA")

The TA carries out the powers granted to it by the law, regulations and decisions issued to implement and administer the VAT in Oman. This includes the VAT registration/de-registration of taxable persons, the administration of VAT return filings, undertaking assessments, audits and field visits and collecting and refunding the VAT. The TA also have the legislative power to levy penalties for non-compliance with VAT legislation.

1.3 What is this guide about?

The purpose of this guide is to provide further clarification regarding the process of filing VAT returns.

The guide will provide taxpayers with a clear guidance on how to file the VAT returns with respect to the VAT Law and the Executive Regulations concerning filing VAT returns at the date of issuance of this guide. 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



1.4 Definitions

The following terms are dealt with in this guide:

- a) **Taxable Person** - a person who conducts an economic activity independently for generating income and is registered for VAT in Oman or who is required to register for VAT in Oman.
- b) **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.
- c) **Input Tax or Input VAT** - VAT paid on a taxable supply of goods and services, i.e. VAT paid on a Taxable Person's purchases.
- d) **Output Tax** - VAT collected by a registered Taxable Person (supplier) on taxable supply of goods and services, i.e. VAT collected on a Taxable Person's sales.
- e) **Standard-Rate (5%)** - 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.
- f) **Zero-Rate (0%)** - the VAT rate of 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.
- g) **Exempt Supplies** - Supplies which are not taxed and the Input Tax related thereto shall not be deducted.
- h) **Taxable Supply** - a Standard or Zero-rated supply of goods or services, made in Oman for a Consideration as part of a Taxable person's economic activity.
- i) **Goods:** All tangible assets and includes water and all types of energy including electricity and gas.
- j) **Services:** Any supply that is not Goods.
- k) **Reverse Charge Mechanism** - a simplification measure where a taxable recipient of goods and services accounts for any VAT due as opposed to the taxable supplier, i.e. the customer acts as if he is both the supplier and the recipient for VAT purposes and self-assesses any VAT due.
- l) **Tax Period** - the period of time for which the Net VAT must be accounted, i.e., the VAT return filing period – quarterly.



- m) **Net VAT or Net Tax** - VAT resulting from deducting the deductible VAT from the VAT due within the same Tax period. Net VAT may either be payable or refundable, i.e. Output VAT minus Input VAT.
- n) **Capital Assets** - 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 (includes land, buildings, machinery, commercial vehicles etc.)

2. Registering for VAT

During the transitional period, different rules apply for registration and a separate guide has been prepared for that purpose. Information in this guide relates to rules that apply after the transitional period.

VAT is a self-assessed tax; therefore businesses are required to continually assess the need to be registered for VAT.

VAT registration falls into two categories: mandatory registration and voluntary registration.

If a taxable person exceeds the annual mandatory registration threshold, it is obligated to register; if it exceeds a voluntary registration threshold, it has the option to register.

The following are taken into account for registration:

- Taxable supplies (i.e., Standard Rated 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:
 - i) **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.
 - ii) **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 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 value of supplies or 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:
 - i) 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.
 - ii) 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.

3. What is a VAT return?

A VAT return is the form that must be filled out and submitted periodically, i.e., quarterly, by a Taxable Person, to the TA at the end of each Tax Period. The VAT return is considered a self-assessment of the tax due to the TA, or refundable from the TA, for the respective Tax Period.

To determine the tax liability of the Taxable Person, the person must look at Net VAT after deducting their Input Tax from any Output Tax. The VAT return summarizes the value of the supplies, Output Tax due, purchases and any deductible Input Tax that the Taxable Person has incurred during the Tax Period, and ultimately reflects the Taxable Person's VAT liability.

Penalties may be incurred if the VAT return is not filed according to the provisions of the Law and Regulations.

If the VAT return results in a VAT refund due to the taxpayer, the TA may review the taxpayer's return and conduct an audit to verify the refund. Any refund due will be paid directly to the taxpayer.

3.1 Preparing a VAT return

When preparing the VAT return, the type of supply for the purpose of VAT should be kept in mind to help identify where Output Tax is due and where Input Tax is deductible. The types of supplies that are differentiated are:

Taxable supply of goods or services

These are supplies that are bought or sold in or imported in Oman that are either Standard-rated at 5% or Zero-Rated at 0%. A Taxable Person is liable to charge 5% VAT on Standard-Rated supplies and 0% on Zero-Rated supplies; Input Tax can also be claimed on the purchase of these supplies.

Exempt supply of goods or services

These are supplies that are bought or sold in, or imported into Oman that are exempt from VAT. These are enumerated in the VAT Law and Taxable Persons cannot claim the Input Tax on VAT related to these supplies. The Taxable Person also does not charge VAT on these supplies.

Out of scope supplies

Some supplies may also be out of scope of VAT. These include supplies made outside Oman, supplies not made by a Taxable Person, and supplies not made in the course of economic activity as per the VAT Law and Executive Regulations.



3.2 Filing a VAT return

Taxable Persons must submit their VAT return on a periodic basis via the TA's Taxpayer Portal. Each taxpayer has to follow a series of steps to submit their return:

Step 1: Sign into the taxpayer's account and navigate to VAT Returns and select "Add new return".

Register New VAT Return

Document No.:	Document Date:	VATIN Person:
Document Type:	Document Status:	

Application Form

Details of person filing the VAT Return

Name of Taxable
 Person:
 VATIN:
 Address:

Details of the Principal Officer

Name:
 Business address:
 Contact phone:
 Contact e-mail:

Details of VAT return

Tax Year:
 Filing Period:
 Quarter:



Step 2: Complete the VAT return.

Details of VAT return

Tax Year:
 Filing Period:
 Quarter:

Content of VAT return

1. Supplies in the Sultanate of Oman		Taxable base (OMR)	VAT due (OMR)
1(a) Supplies of goods / services taxed at 5%		<input type="text" value="0.000"/>	0.000
1(b) Supplies of goods / services taxed at 0%		<input type="text" value="0.000"/>	
1(c) Supplies of goods / services tax exempt		<input type="text" value="0.000"/>	
1(d) Supplies of goods, tax levy shifted to recipient inside GCC (supplies made by you that are subject to Reverse Charge Mechanism)		0.000	
1(e) Supplies of services, tax levy shifted to recipient inside GCC (supplies made by you that are subject to Reverse Charge Mechanism)		0.000	
1(f) Supply of goods as per profit margin scheme		<input type="text" value="0.000"/>	0.000
2. Purchases subject to Reverse Charge Mechanism		Taxable base (OMR)	VAT due (OMR)
2(a) Purchases from the GCC subject to Reverse Charge Mechanism		0.000	0.000
2(b) Purchases from outside of GCC subject to Reverse Charge Mechanism		<input type="text" value="0.000"/>	0.000
3. Supplies to countries outside of Oman		Taxable base (OMR)	VAT due (OMR)
3(a) Exports		<input type="text" value="0.000"/>	
4. Import of Goods		Taxable base (OMR)	VAT due (OMR)
4(a) Import of Goods (Postponed payment)		<input type="text" value="0.000"/>	0.000
4(b) Total goods Imported		<input type="text" value="0.000"/>	
5. Total VAT due		(OMR)	
5(a) Total VAT due under (1(a) + 1(f) + 2(a) + 2(b) + 4(a))			0.000
5(b) Adjustment of VAT due			<input type="text" value="0.000"/>
6. Input VAT credit		OMR	Recoverable VAT (OMR)
6(a) Purchases (except import of goods)		<input type="text" value="0.000"/>	<input type="text" value="0.000"/>
6(b) Import of goods		<input type="text" value="0.000"/>	<input type="text" value="0.000"/>
6(c) VAT on acquisition of fixed assets			<input type="text" value="0.000"/>
6(d) Adjustment of input VAT credit		<input type="text" value="0.000"/>	<input type="text" value="0.000"/>
7. Tax liability calculation		(OMR)	
7(a) Total VAT due (5(a) + 5(b))			0.000
7(b) Total input VAT Credit (6(a) + 6(b) + 6(c) + 6(d))			0.000
7(c) Total (7(a) - 7(b))		Amount payable	0.000

* VAT due must be paid by VAT Return due date through following payment procedures set by the Tax Authority.
 * Please ensure to attach the required attachments before submitting the VAT Returns.

I want to be refunded (Amount will be transferred to registered bank account)

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The VAT return has been designed in a way that clearly segregates the different types of supplies that will help to accurately calculate the Output Tax, Input Tax and Net VAT.

Section	Box	Description
1. Supplies in the Sultanate of Oman	1a	Supplies of goods / services taxed at 5%: Total value of standard rated supplies of goods and services in the Sultanate, including deemed supplies. Report the VAT-exclusive value only. VAT is calculated automatically.
	1b	Supplies of goods / services taxed at 0%: Total value of zero-rated supplies of goods and services in the Sultanate, excluding exports of goods or services.
	1c	Supplies of goods / services tax exempt: Total value of exempt supplies of goods and services in the Sultanate. Excludes any out of scope supplies.
	1d	Supplies of goods, tax levy shifted to recipient inside GCC (supplies made by you that are subject to Reverse Charge Mechanism): Not activated until GCC rules apply.
	1e	Supplies of services, tax levy shifted to recipient inside GCC (supplies made by you that are subject to Reverse Charge Mechanism): Not activated until GCC rules apply
	1f	Supply of goods as per profit margin scheme: Total profit margin for any supplies of goods as per profit margin scheme (profit margin excluding VAT). VAT is calculated automatically.
2. Purchases subject to Reverse Charge Mechanism	2a	Purchases from the GCC subject to Reverse Charge Mechanism: Not activated until GCC rules apply.
	2b	Purchases from outside of GCC subject to Reverse Charge Mechanism: Total value of standard rated supplies received (excluding VAT), which are subject to Reverse Charge Mechanism. VAT is calculated automatically.
3. Supplies to countries outside of Oman	3a	Exports: Total value of supplies of goods and services exported on which zero rating for exportation applies. Excludes any out of scope supplies.



4. Import of Goods	4a	Import of Goods (Postponed payment): Total value of goods imported (excluding VAT) where VAT was postponed on import. VAT is calculated automatically.
	4b	Total goods imported: Total value of all imports (excluding VAT), including exempt/zero rated goods and those where import VAT has been paid to the Directorate General of Customs. Excludes imports reported in Box 4a.
5. Total VAT due	5a	Total VAT due under (1(a)+1(f)+2(a)+2(b)+4(a)): Total VAT due on transactions in this period before adjustments in the following box. Amount is calculated automatically.
	5b	Adjustment of VAT due: Any adjustments to Output VAT due that must be declared in this period including bad debts related to standard rated supplies, refunds, returns, and any other adjustments affecting VAT due
6. Input VAT credit	6a	Purchases (except import of goods): Column 1: Total value of all purchases (excluding VAT) including exempt/standard/zero rated purchases and reverse charge purchases. Excludes imported goods, out of scope expenses and purchases of fixed (capital) assets. Column 2: deductible VAT related to your purchases. Amount declared must be after applying any required apportionment. Excludes deductible VAT on fixed (capital) assets.
	6b	Import of goods: Column 1: Total value (excluding VAT) of standard rated imports of goods whether or not postponed. Column 2: deductible VAT related to your imported goods. Amount declared must be after applying any required apportionment.
	6c	VAT on acquisition of fixed assets: deductible VAT related to purchase, acquisition or construction of capital assets. Amount declared must be after applying any required apportionment
	6d	Adjustment of input VAT credit: Any adjustments to VAT deductible that must be declared in this period including bad debts related to standard rated supplies, refunds, returns, and any other adjustments affecting VAT deductible.

7. Tax liability calculation	7a	Total VAT due (5(a) + 5(b)): Total value if VAT due in this period. Amount calculated automatically.
	7b	Total input VAT Credit (6(a)+6(b)+6(c)+6(d)): Total value of deductible input VAT in this period. Amount calculated automatically.
	7c	Total (7(a) + 7(b)) Net VAT which maybe either payable or refundable. Amount calculated automatically.

Step 3: If you are eligible for a refund that is greater than OMR (100) you may check "I want to be refunded" check box. In case you declare a Net VAT due that is refundable, you must download the "Taxpayer Checklist" excel sheet from the Tax Authority's website www.taxoman.gov.om. Then you must complete the worksheet and attach it to the VAT return form. This step is optional for taxable persons with amounts payable.

Step 2: After entering all the data and attaching any required attachments, select button "SUBMIT" and system will display a confirmation prompt. After selecting YES in this modal window, VAT Return will be submitted

The screenshot displays a VAT return form with a confirmation modal window overlaid. The form includes sections for '5. Total VAT due', '6. Input VAT credit', and '7. Tax liability calculation'. The modal window asks 'Are you sure you want to submit this application?' and has 'No' and 'Yes' buttons. The 'Submit' button is visible at the bottom right of the form.

5. Total VAT due (OMR)	
5(a) Total VAT due under (1(a))	5.000
5(b) Adjustment of VAT due ()	0.000

6. Input VAT credit		base (OMR)	VAT due (OMR)
6(a) Total input VAT Credit en		0.000	0.000
6(b) Total input VAT Credit en		0.000	0.000
6(c) VAT on acquisition of fixe			0.000
6(d) Adjustment of input VAT		0.000	0.000

7. Tax liability calculation (OMR)	
7(a) Total VAT due (5(a) + 5(b))	5.000
7(b) Total input VAT Credit (6(a)+6(b)+6(c)+6(d))	0.000
7(c) Total (7(a) - 7(b))	Amount payable 5.000

I want to be refunded (Amount will be transferred to registered bank account)

[Back to list](#)
[Cancel Document](#)
[Edit](#)
[Add attachments](#)
[Submit](#)



3.3 VAT return payment or refund

The Net VAT position could either be tax due to the TA or a tax refund from the TA.

If the Taxable Person has a tax liability i.e., Output Tax is higher than the Input Tax claimed for the Tax Period, the payment must be paid to the TA by the same date the tax return is due. Payments must be made electronically.

If the VAT return falls within the tax refund position i.e., Input Tax claimed is higher than the Output Tax, the TA has the right to check the records for the VAT return before agreeing to the repayment amount. In case you are eligible for a refund, you must download the "Taxpayer Checklist" excel sheet from the Tax Authority's website www.taxoman.gov.om. Then you must complete the worksheet and attach it to the VAT return form. This step is optional for taxable persons with amounts payable.

The Taxable Person may, provided the amount of Tax due to be refunded is more than OMR (100), request for the amount to be refunded once all necessary checks are carried out. The TA will normally decide on the payment within 30 days and the repayment if authorized should be processed within a further 15 days.

If the amount to be refunded is under OMR (100) or the Taxable Person does not request a repayment at the time of submitting the return (and within the due date for the return) then the refund amount shall be transferred to future periods. The Taxable Person at the end of the Tax Year may request a refund of any amount due provided they submit a request by the due date for the first tax period of the new Tax Year.

All requests for repayments must be made within five (5) years from the end of the tax period in which the right arose otherwise the amount is forfeited.

3.4 Deffering payment of VAT on Imports

Under normal circumstances, VAT on imports are paid along with Custom Duties when entering Oman. In certain cases a Taxable Person who is importing goods may defer the payment of the Import VAT. The VAT amount must then be declared on the VAT return for the period in which the goods entered the Sultanate. The Taxable Person must apply to the TA for this treatment and meet certain conditions which can include providing a financial guarantee.

3.5 Correction of VAT returns

If a Taxable Person becomes aware of an error on a submitted return, a revised VAT return must be submitted within 30 days of the error or omission being discovered. The revised VAT return will be considered the original return.



A Taxable Person will not be able to revise a VAT return 3 years after the date of submission.

Example:

Khalid & Co. LLC has submitted a VAT return for the first quarter of 2022 on the 13th of April 2022. On the 20th of June 2023, the financial controller of Khalid & Co. LLC found an error on the submitted return.

The principal officer of the company now has up to the 19th of July 2023 to submit the amended return (i.e., 30 days from the day of the error being discovered) provided no inspection by the TA has been initiated.

The TA shall also amend the VAT return if an error, omission or insufficient information is suspected or detected. The taxpayer will be notified of the amendment.

4. Tax Period

When filing the VAT return, the time of supply rules need to be considered. This helps identify which transactions should be accounted for in different Tax Periods. During every Tax Period, the Taxable Person is required to file the corresponding VAT return for which the supplies are made for the purpose of VAT. The Taxable Person must total the sum of the Output Tax due for the respective Tax Period and Input Tax eligible to be claimed in the Tax Period. Once the Taxable Person has identified and summarized the VAT for each Tax Period they are able to easily identify in which VAT return to include these supplies.

The Tax Period for VAT is 3 months i.e., a quarter of a year. The Tax Periods dates are the following:

- January 1 to March 31;
- April 1 to June 30;
- July 1 to September 30; and
- October 1 to December 31

It may happen that a Taxable Person has met either the Mandatory or Voluntary Registration conditions and has registered for VAT with the TA during a particular Tax Period. In this case, the Taxable Person has not been registered for the full period. The Tax Period is the time period from the effective date of registration to the end of the Tax Period within with the date falls.

5. Penalties

The TA may impose a penalty on anyone who fails to file their VAT return within the legally specified timeframes, or if the VAT return includes incorrect data in addition to other violations.

Description	Penalty
Failure to submit a VAT return	If a Responsible Person intentionally fails to file any tax return they may be subject to imprisonment and/or penalties.
Incorrect data on a VAT return	If a Responsible Person intentionally fails to include correct data in any tax return they may be subject to imprisonment and/or penalties.

6. Keeping your records

All taxpayers are required to keep appropriate VAT records relating to their calculation of VAT for audit purposes. This includes any documents used to prepare a VAT return. The information and documents shall include:

- 1) Daily Record in which the taxable transactions are recorded day by day according to their chronological and sequential manner and keep all the documents that enable the control of the accuracy/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 exempted).
- 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 supplies of goods and services
- 6) Records and documents related to all customs transactions
- 7) All documents evidencing taxable supplies at zero rate in accordance with the 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.

7. Further inquiries

7.1 Contact Information

For more information, please contact the TA:

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

7.2 Forms and Publications

Further guidance, forms and publications will be issued by the TA and available to the public in due course.

7.3 VAT News

For current VAT news and updates, please visit the TA Taxpayer Portal:

www.taxoman.gov.om