



TAXATION IN OMAN

OMAN AMERICAN BUSINESS COUNCIL

23rd January, 2024

Audit / Tax / Advisory / Risk / Technology



Key Note



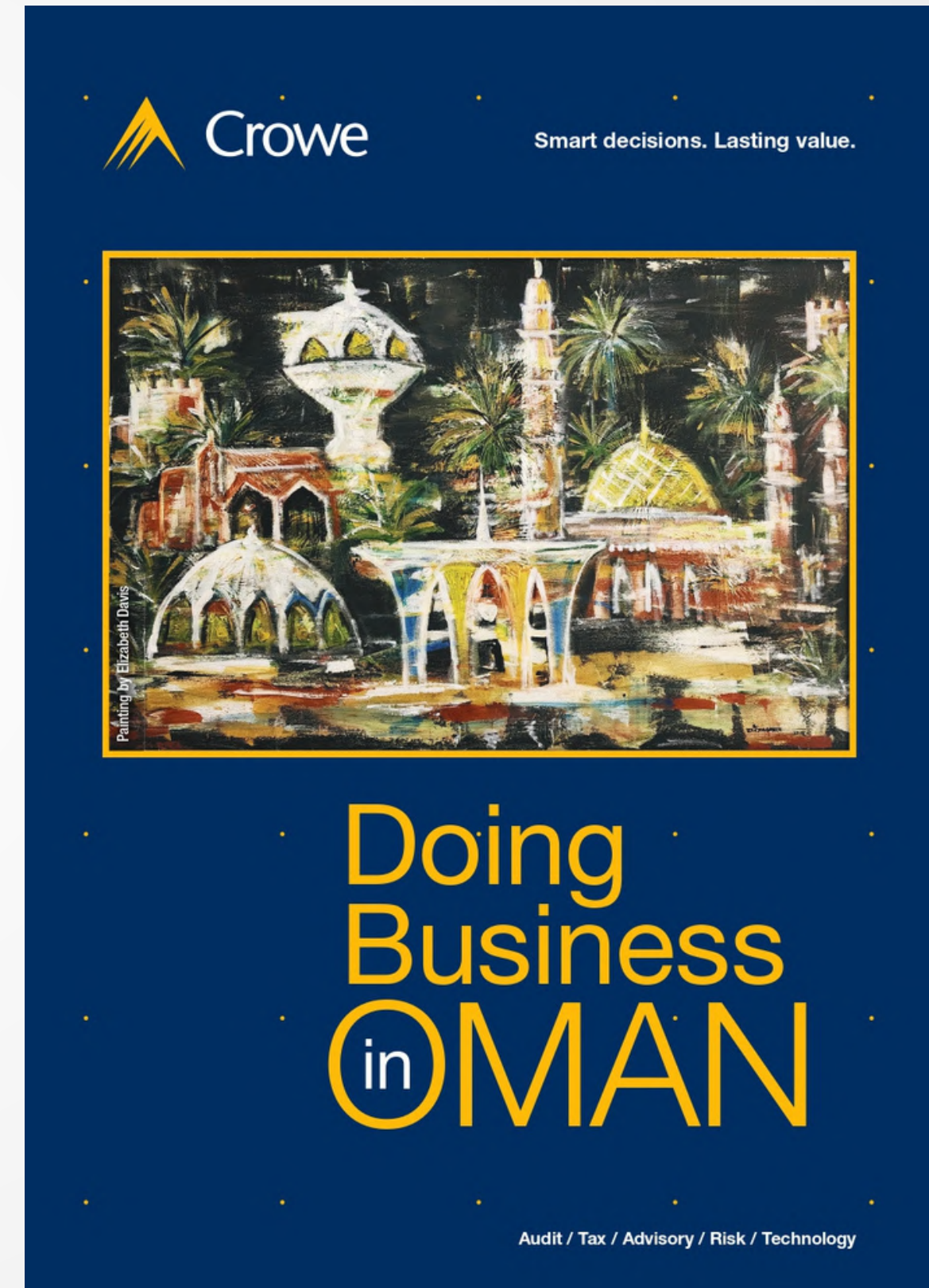
Antony Kallukaran

Associate Partner -
Tax Advisory Services

Doing Business in Oman 2024



SCAN ME



Agenda



**Overview of the Tax Landscape
in the Sultanate**



Corporate Income tax



Withholding tax



Value added tax

Tax Landscape in Oman



Corporate Income Tax



Withholding Tax



Value Added Tax



Excise Tax



Custom Duty



Municipal or Property Tax



Hotel and Tourism Tax

Taxes Prevalent in the GCC

01

Excise Tax

02

Corporate Income Tax

03

Value Added Tax

04

Zakat

05

Stamp Duty

06

Customs Duty

07

Real Estate Transaction Tax

08

Municipality Tax

09

Tourist Tax

10

Withholding Tax

Our Speaker



Ramya Annadurai

Director - Direct Taxes

Agenda:

Oman Income Tax Law



Obligations of a Tax Payer



Rights of a Tax Payer



Tax Exemption



Withholding Tax



Obligations of the Tax Payer

Obligations



Actions



Tax Registration

Modification to Tax Registration

Basis of accounting

Tax Card

Books to accounts

Preserve the books

Responding to notice

Withholding Tax

Within 2 months (60 days)

Within 1 month (30 days)

Accrual basis & International Accounting Standards

Valid for 2 years and to be renewed

To be maintained in Rials Omani

For 10 years

To respond to the Tax Authority's demand notice

To deduct WHT on a foreign person if applicable



Rights of the Tax Payer



Accounting Period

First accounting period < 12 months and not > than 18 months.

Change in accounting period – with the approval of the Tax Authority.



Losses Carried Forward

Losses can be carried forward to 5 years.

Losses of the tax year 2020 can be carried forward until it is entirely set off.



Revised Income Tax Returns

Revised Income tax returns can be filed within 3 years.



Disputed Taxes

Disputed taxes on assessment can be requested to be postponed.





Rights of the Tax Payer (continued)



Tax Due / Payable

Tax due and payable may be paid in installments if agreed by TA – per conditions, rules, and guarantees.



Foreign Tax Credit

Foreign tax credit may be deducted from the tax due.



Claim of Refunds

Any refund due from the Tax Authority can be claimed.

Tax Exemption



The manufacturing / industrial activity is eligible for tax exemption upon fulfillment of conditions – 5 years.



As per the Royal Decree issued recently 27/2023, private higher education is eligible for Tax exemption for a period of five years from the date of its operations, which can be extended to another 5 years upon fulfillment of conditions.



Freezone Tax Exemption – subject to the fulfillment of conditions of the respective free zones.



Withholding Tax Law in Oman

Under the Oman Income Law, Withholding tax applies to certain payments made by a taxpayer (in Oman), to any foreign resident who does not have a permanent establishment in Oman.

Withholding Tax Law in Oman (*continued*)



Royal Decree 28/2009 (Income Tax law)

1. Royalties
2. Consideration for research and development
3. Consideration for the use or right to use software
4. Management fees



Royal Decree 9/2017 (Amendments)

Additional items;

5. Service Charges
6. Dividends
7. Interest



With effect from 11.01.2023

1. Royalties
2. Consideration for research and development
3. Consideration for the use or right to use software
4. Management fees
5. Service Charges

Updates on Dividends & Interest

Temporary Suspension of WHT

Suspension of WHT on dividend and Interest made to foreign persons for three years with effect from May 2019



As per Economic Stimulus Plan

Suspension of WHT on dividends from shares and interest payments made to foreign persons for 5 years from January 2020 as part of ESP.



Complete Suspension of WHT

Royal Directive issued by His Majesty Sultan Haitham bin Tarik on the occasion of Ascension Day on 11 January 2023 called for the complete suspension of WHT on the distribution of dividends and interest on non-residents.



Withholding Tax Compliance

1.

The taxpayer shall be liable to deduct tax from the gross amount paid or credited and shall remit the same to the Tax Authority not later than 14 days from the end of the month in which the amount has been paid or credited, whichever is earlier.

2.

WHTR filing is online, with supporting documents.

The delay in filing of and payment of WHT attracts additional tax @ 1% per month.



Withholding Tax – Key Considerations

01

Application of WHT

02

WHT Return

03

DTA Exemption certificate

04

WHT at a reduced rate

05

WHT Refund

06

WHT Assessment

Certificates Issued by the Tax Authority



Tax Card



Closure of Tax File



Tax Residency Certificate – Individual / Taxpayer



Tax Clearance Certificate – Taxpayer



Initial Clearance Certificate – To start liquidation



Final Clearance Certificate – To cancel CR



Tax Exemption Certificate / Freezone Exemption certificate



Withholding Tax Exemption Certificate / reduced rate of WHT

Our Speaker

Aastha Rangan

Director - Indirect Taxes



VAT – Overview



Value
Added
Tax

Is there any valued product or service being supplied?

Is the value further being added while supplying?

Is the value addition taxable?



VAT -

5 Step Approach



PLACE of Supply



DATE of supply



VALUE of supply



TYPE of supply

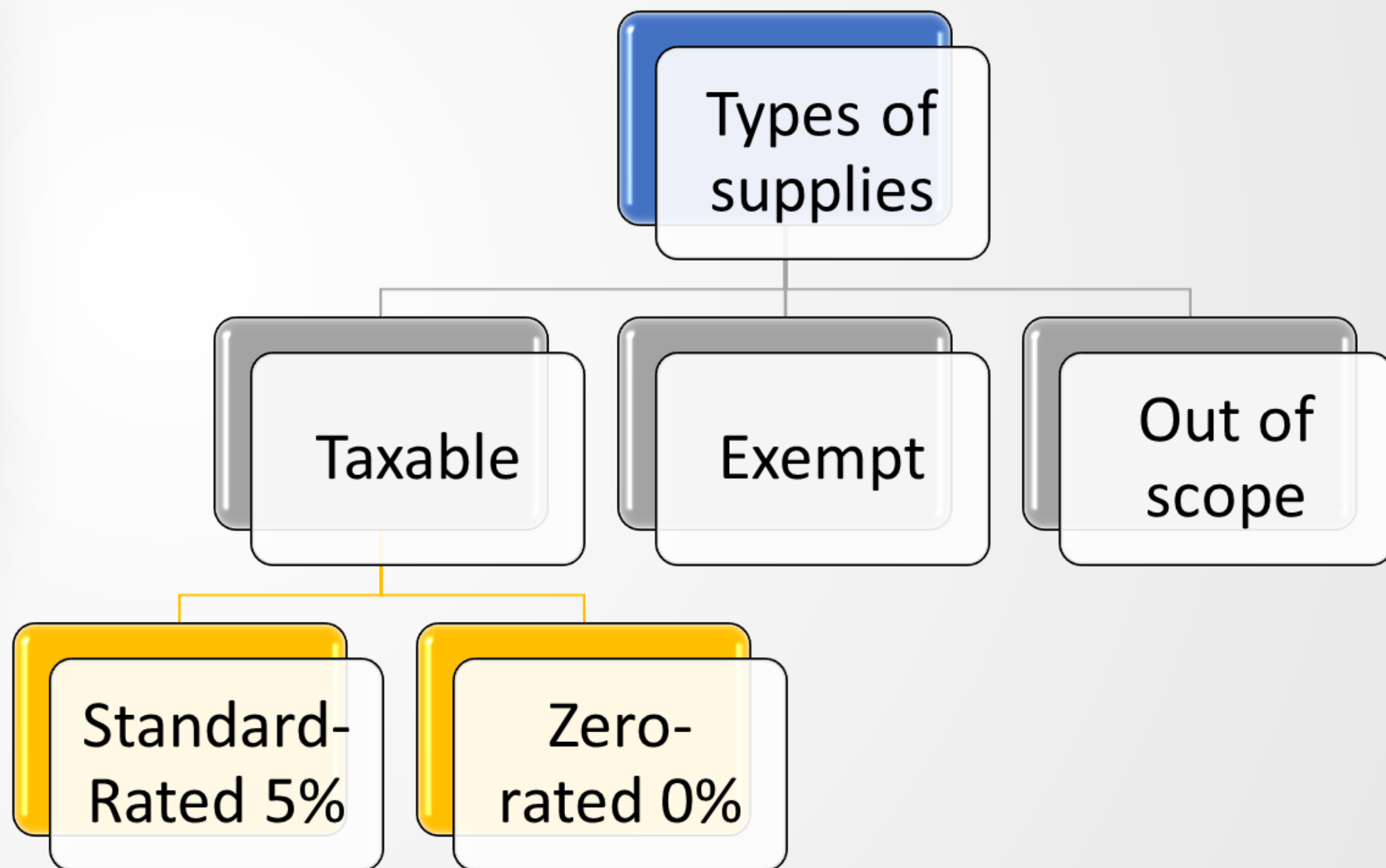


RATE of supply





VAT – Supplies



Zero Rated Supplies

01

Food Items

02

Medicines &
Medical
Equipments

03

Investments in
Gold, Silver and
Platinum

04

International
Transportation

05

Means of
Transportation

06

Rescue
Aircrafts &
Boats

07

Oil & Gas



VAT - Special 0% Cases



Exports



Re-export



Custom duty suspension



Free Zone



VAT – Exempt Supplies

01

Financial
Services

02

Health Care
Services

03

Education
Services

04

Bare Land

05

Resale of
Residential
Properties

06

Local
Passenger
Transport

07

Rent of
Residential
Real Estate



VAT – Out of Scope

01

VAT Group

02

Insurance
Claim

03

Transfer of
Business
Activity

04

Outside
territories
supply



VAT – Input VAT Deduction

Identify expenditures that are considered as input tax for VAT purposes.

Attribute and apportion input tax between economic and non-economic activities.

Identify and exclude the amount of blocked input tax, (if any).

Attribute and apportion input tax between taxable and exempt activities.

Claim the deductible input tax in their periodic VAT return.



VAT – Blocked Credit



Goods and services used for recreational / entertainment purposes.



Motor vehicle (seating capacity up to 10) and related goods and services, for personal use.



Supply of food and beverages.

Our Speaker



Taysir Nasib Al Rawahi

Director - Tax Advisory Services



VAT - Upcoming Challenges



**Significant system
upgradation from Tax
Authority**



**Regional / branch
offices**



E-invoicing



**Changes to VAT
Rates**



Tax - Key Take Aways



Registration



**On Time Filing &
Payment**



Refunds



Penalties



**Assessments,
Objections & Appeals**





Meet Our Tax Team

We believe our team embodies our core principles in every way. Our members hail from different walks of life, bringing unique perspectives, skills, and experiences to the table.



Aastha Rangan
Director - Indirect
Taxes



**Taysir Nasib Al
Rawahi**
Director - Tax
Advisory Services



Davis Kallukaran
Managing Partner



**Antony
Kallukaran**
Associate Partner - Tax
Advisory Services

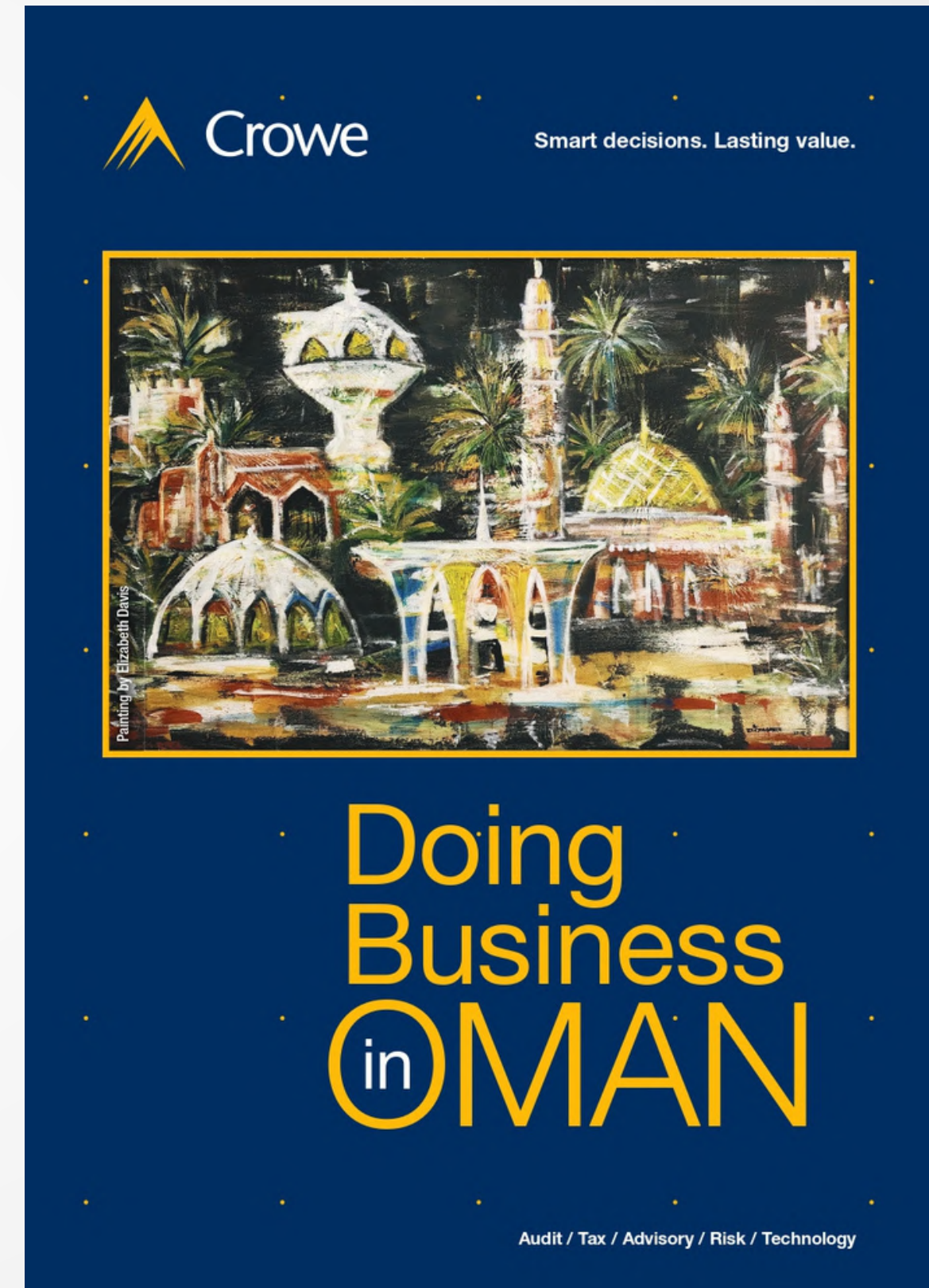


Ramya Annadurai
Director - Direct
Taxes

Doing Business in Oman 2024



SCAN ME





THANK YOU FOR ATTENDING

If you have any further questions or would like to explore opportunities to work together, please don't hesitate to reach out to us.



+968 2403 6300



contactus@crowe.om



www.crowe.com/om

