

Workshop on Value Added Tax (VAT) Registration in Oman

April 2021



Contents

- 1 Let us understand VAT
- 2 Who should take registration under VAT?
- 3 VAT registration process for those having Commercial Registration Number (CRN)
- 4 VAT registration process for those not having CRN
- 5 Other important information about registration



Let us understand VAT



What is VAT?

- ❑ There are two types of taxes – direct tax and indirect tax
- ❑ VAT is an indirect tax, meaning it is not a tax that you need to pay out of your pocket
- ❑ In VAT you are responsible for collecting the tax from your customers and depositing it with the Government
- ❑ While depositing the VAT collected from customers with the Government, you can deduct the tax paid by you on purchases (we call it input VAT or recoverable tax or deductible tax)
- ❑ Thus, total VAT that you will need to deposit = tax on sales – tax on purchases (input VAT)
- ❑ On most of your sales and expenses in Oman, VAT will be calculated @ 5%, except:
 - supplies covered in the list of zero-rated (specified food products etc.)
 - supplies that are exempt (e.g., transportation of passengers in Oman)
- ❑ You will not be required to charge any VAT when exporting any goods or services to a person located outside Oman
- ❑ On any import of goods or services, instead of the supplier located outside Oman, you will be liable to deposit VAT with the Government

Let us understand the calculation of VAT

**OMAN
VENDOR**



**BUSINESS
in Oman**



**OMAN
CUSTOMER**

TAX INVOICE		
VALUE	RO	100
VAT @ 5%	RO	5
TOTAL	RO	105

TAX INVOICE		
VALUE (assuming 20% profit on cost)	RO	120
VAT @ 5%	RO	6
TOTAL	RO	126

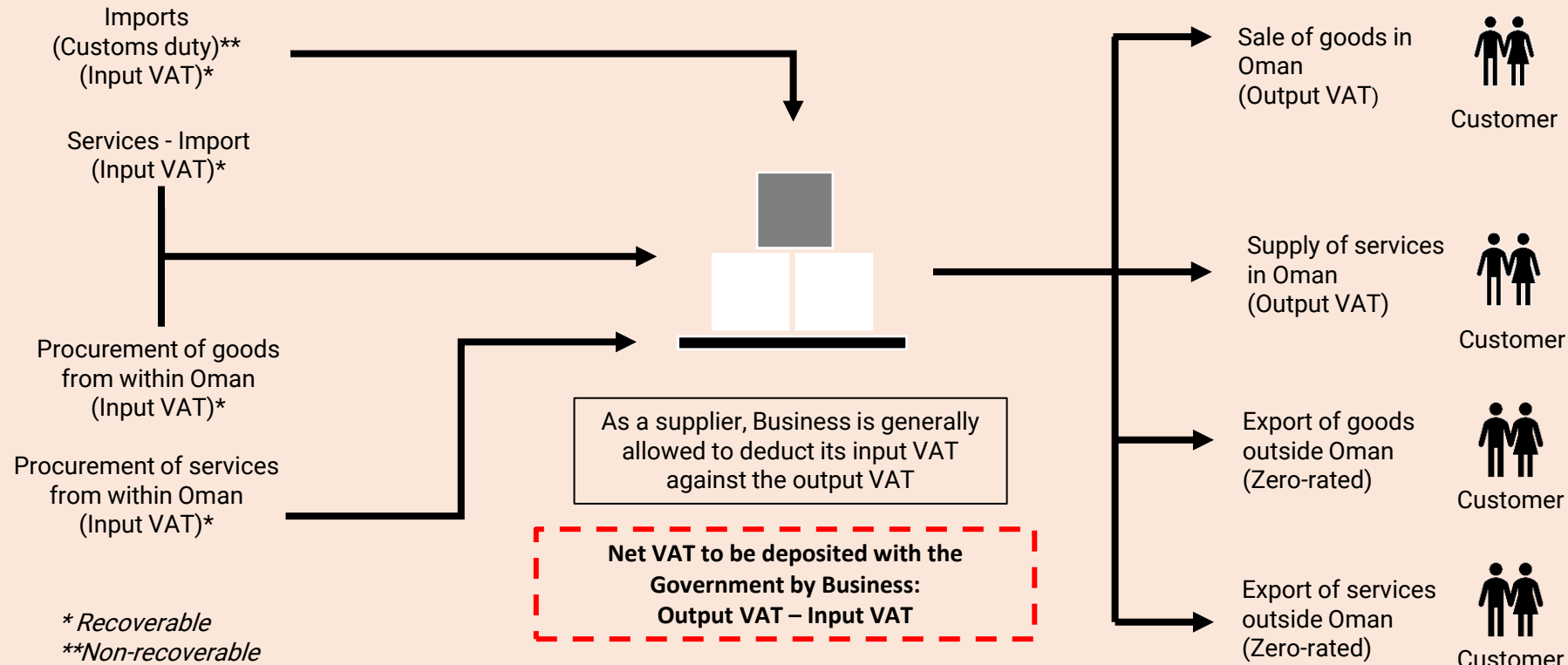
Net VAT to be deposited with the Government by Business after each period = OMR 1
i.e., Output tax (OMR 6) – Input tax (OMR 5)

This is how VAT works

PURCHASE

VAT REGISTERED BUSINESS

SALE





| When should you apply for VAT registration?



There are four phases for VAT registration

CATEGORY	ANNUAL SUPPLIES MORE THAN (RO)	ANNUAL SUPPLIES UPTO (RO)	WHEN SHOULD YOU APPLY FOR REGISTRATION?	EFFECTIVE DATE OF VAT
A	1,000,000	No limit	1 February 2021 to 15 March 2021	16 April 2021
B	500,000	1,000,000	1 April 2021 to 31 May 2021	1 July 2021
C	250,000	500,000	1 July 2021 to 31 August 2021	1 October 2021
D	38,500	250,000	1 December 2021 to 28 February 2022	1 April 2022

Who is required to obtain VAT Registration?



Mandatory Registration

- ☐ If you conduct any commercial, industrial, professional or such activity in Oman, you need to calculate your annual taxable supplies during the following period:
 - Actual taxable supply during the period November 2019 to October 2020
 - Expected taxable supply during the period October 2020 to September 2021
- ☐ Then you need to determine the relevant registration phase and apply for the registration as per the specified due dates
- ☐ Mandatory registration is not needed if the amount is less than RO 38,500

Voluntary Registration

- ☐ If your taxable supply is less than RO 38,500 but more than RO 19,250 during the above period, you can apply for voluntary registration
- ☐ If your taxable supply is less than RO 19,250 then you cannot apply for the registration

How to calculate Annual Taxable Supply:

- Firstly, calculate the total turnover from sale of goods/ services during the above period (except income from exempt supplies such as dividend, interest, salary income etc.)
- Then add the value Import of goods/ services imported from outside Oman

Advantages of Taking VAT Registration

- ❑ Only after obtaining VAT registration you can:
 - charge and collect VAT @ 5% from its customer by issuing a tax invoice over and above your sale price
 - from the VAT collected, you will be able to deduct the VAT paid on expenses (including VAT paid on import of goods/ services)
- ❑ Thus, by taking registration and deducting the VAT paid on expense from the VAT collected on sales, you do not bear the cost of VAT paid on expenses
- ❑ VAT charged by you from your customer would also not be a cost to the customer if the customer is also registered under VAT (because such customer will also deduct the input VAT from output VAT)
- ❑ Large businesses prefer to purchase from VAT registered business to optimize their tax cost
- ❑ VAT still needs to be paid on import of goods from outside Oman, even if VAT registration is not obtained – increases the cost of imports
- ❑ Thus, from VAT cost point of view businesses that are registered under VAT are in a better position than the businesses not registered under VAT

You should consider taking registration out of turn or voluntary registration in order to remain in the VAT chain and avoid any blockage of input VAT credit



VAT Registration Process for those having CRN



How can you apply for VAT Registration?

- ❑ You need to file an application with the Tax Authority for obtaining VAT registration
- ❑ Based on the application, a unique number will be granted for your business (registration number)
- ❑ After taking registration, from the effective date you will become responsible for collecting and depositing VAT with the Government
- ❑ You should inform VAT Registration number to all your suppliers so that they can mention this number on their invoices (along with your name and address)
- ❑ Once VAT registration number is granted, you will be required to do the following compliances:
 - Raise Tax Invoice to your customers in a specific format
 - Your tax invoice should clearly mention your VAT Registration number
 - You will be required to charge and collect 5% VAT on the Tax Invoice from the customer
 - The net VAT liability (i.e., output VAT *minus* input VAT) should be deposited with the Tax Authority by the due date
 - You will also be responsible to submit VAT return with the Tax Authority by the due date
 - There will also be responsibility of maintaining proper books of accounts and records for VAT purposes

Registration Process: Persons with CRN



Sultanate of Oman
Tax Authority

Website Link for
Oman Tax Portal



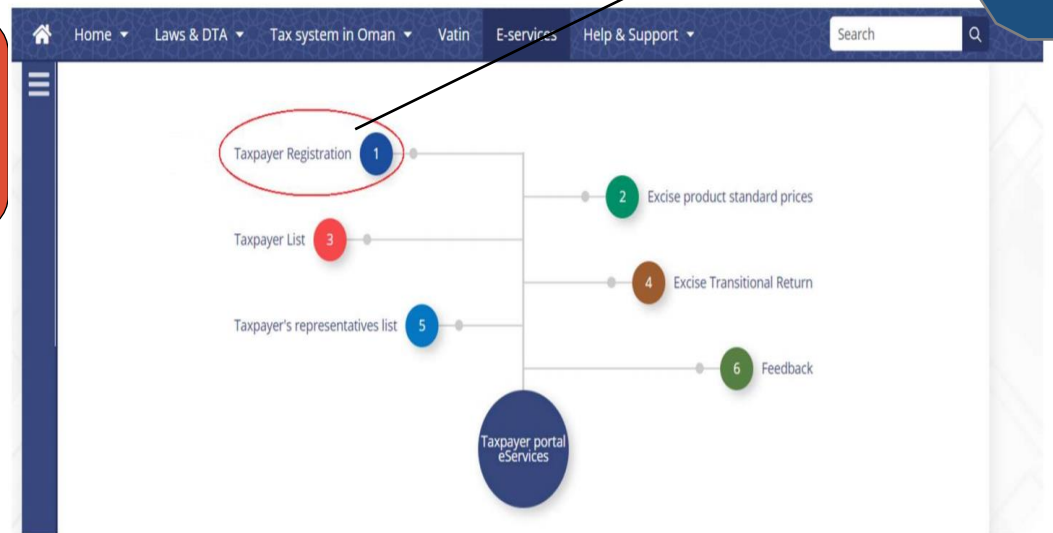
Sign in to use
eServices

Select and Sign
in using the Login
credentials of your
business entity



Sultanate of Oman
Tax Authority

Click for window to
appear in respect of
tax registration



Taxpayer Registration

Taxpayer List

Taxpayer's representatives list

Excise product standard prices

Excise Transitional Return

Feedback

Taxpayer portal
eServices

Registration Process: Persons with CRN

3

Taxpayer Registration

In order to register taxpayer, you must be authorized signatory of the corresponding taxpayer. Please enter the Commercial Registration No. of the taxpayer you wish to register.

Insert CRN of your entity and select 'Register'

* Commercial Registration No.:

Register

4

Taxpayer Registration

* Type of Registration:

Income Tax Liability Registration
Value Added Tax Liability Registration
Excise Tax Liability Registration

Select 'Value Added Tax Liability Registration' from the drop-down list and click on 'Continue'

Cancel

Continue

Registration Process: Persons with CRN

5

Details of the Taxable Person

Commercial Registration No.:
TIN:
EXTIN:
Customs Identification Number:
* Legal name:
Legal name in English:
Trade name:
* Legal form of the business:
Special zones registration: ☐ Activities falling within the free zones or special economic zones
Customs suspension situations: ☐
* Business address:
* Contact phone:
Contact e-mail:

Enter

Insert Legal Name and
business form

Insert your business
address and contact
details

Details of the Principal Officer

* ID:
* Name:
* Designation:

Insert details of **Principal
Officer i.e., Responsible
Person** of the entity from a
VAT Law perspective

Who is a Responsible Person?

Category of Tax Person	Responsible Person
Sole proprietorship	Owner or Manager in charge
One Person Company	Owner or Manager in charge
General Partnership or Limited Partnership	Partner or manager in a company
Joint Venture Company	The manager approved by the partners to undertake the Company's management activities, whether from among the partners or a third party
Joint Stock Company (SAOC or SAOG)	<ul style="list-style-type: none"> • Either Chairman of the board of directors, or • Director / Manager authorized by the board of directors
Limited Liability Company	Company's manager or the person responsible for management
Fixed Establishment	Owner or manager or agent

Registration Process: Persons with CRN

6

Taxpayer Registration (Widget Page)

Details of the Business Activity

Add new activity

Main Activity	Activity	Date of Commencement of Activity	Date of Termination of Activity
No	011101:Growing of cereals (wheat, corn, barley etc.), except rice	2017-12-28	Edit Remove

Select to mark activity as main or add more activities

7

Activity

Main Activity: ☐

*** Activity:** Find

*** Date of Commencement of Activity:**

Date of Termination of Activity:

Add and New **Add and Close**

Check the 'main activity' box

Fill the details of activity and its date of commencement

Select 'Add and close' to proceed

Registration Process: Persons with CRN

8

Application for the Tax Registration Number

Do you have Place of Residence in Oman?
(Yes/No):

- ☒ Yes
☐ No

Did you exceed or do you expect to exceed
the Mandatory Registration Threshold of
OMR 38,500?:

- ☒ Yes
☐ No

The (expected) date of exceeding the
threshold is:

Annual taxable supplies in Oman:

- ☐ Over 1,000,000 OMR
☐ 500,000.001 - 1,000,000 OMR
☐ 250,000.001 - 500,000 OMR
☒ 38,500 - 250,000 OMR

Did you exceed or do you expect to exceed
the Voluntary Registration Threshold of
OMR 19,250?:

- ☐ Yes
☐ No

The (expected) date of exceeding the
threshold is:

Details of entity to be
selected

Opt for mandatory
registration and mention
the date of crossing
threshold

Mark the relevant annual
taxable supplies in Oman

After filling the above details, save the application on the tax portal

Registration Process: Persons with CRN

New Registration of VAT Liability

9

Saved as draft. Please submit the document

Document No.: Document Date: 28/01/2021 VATIN | Person:
Document Type: Registration of VAT liability Document Status: Draft

Select 'Attachments' panel

Application Form Attachments Status History

Details of the Taxable Person

Print Application

Attachments

10

Document No.: Document Date: 17/01/2021 VATIN | Person:
Document Type: Registration of VAT liability Document Status: Draft

Application Form Attachments Status History

Attachments

Click on 'Add new Attachments' to attach the mandatory documents

Add new attachment

Mandatory	Attachment Name	Number of items
*	Copy of business registration and trade license	0
*	Copy of Identity Card / Passport of Principal Officer	0
	Application	1

Registration Process: Persons with CRN

11

Add Attachment

* Attachment Type:

* Attachment Name:

* Document File: No file chosen

The maximum file size is 10 MB.
Accepted file formats are PDF, JPG, JPEG

Close

Fill the attachment details and ensure that the attached file size **does not exceed 10 MB and is in the following formats viz. pdf, jpg or jpeg**

12

Bank details

Bank account number to be used for VAT refund purposes:

Name of account holder:

Address of account holder:

Name of the bank:

BIC/Swift of the bank:

Address of the bank:

[Back to list](#)

Add the Bank account details of the entity

Click on 'Submit'

Registration Process: Persons with CRN

Bank details

Bank account number to be used for VAT refund purposes:

13

Name of account holder:

Address of account holder:

Name of the bank:

BIC/Swift of the bank:

Address of the bank:

[Back to list](#)

Print Decision

Select 'Print Decision' to proceed

14

Taxpayer

Print VAT Certificate

Select to print the VAT Certificate of the entity



VAT Registration Process for those not having CRN



Registration Process: Residents with no CRN



طلب التسجيل في ضريبة القيمة المضافة
للشخص المقيم الذي ليس له رقم سجل تجاري

VAT Registration Application Form

For residents with no Commercial Registration Number

Instructions:

1. Please fill this form electronically
2. Send form in excel format to VAT@taxoman.gov.om attaching required documents
3. Attach the following documents to the email:
 - a) details of actual or expected annual supplies
 - b) details of actual or expected annual expenses
 - c) copy of identification of principal officer (passport, residency card or ID)
 - d) proof of conducting activity in Special Zone or customs suspension situations
4. The Tax Authority reserves the right request additional information and documents

- ☐ You would need to fill the form in excel format (no online filing) and submit along with the requisite documents to the Tax Authority through e-mail at this email id: vat@taxoman.gov.com
- ☐ Document/ information details required for VAT registration of persons with CRN and residents with no CRN is primarily the same
- ☐ Declaration stating that the details shared are correct should be signed and submitted
- ☐ Tax Authority may seek additional document/ information



| Other important information about registration



Other important aspects about VAT registration

- ❑ VAT Registration Certificate must be clearly displayed by you at **every location in which activity is conducted, like head office, branch, stores, etc.,**
- ❑ One VAT Identification Number should be obtained regardless of the number of branches and activities
- ❑ VAT Identification Number should be mentioned on all documents like your tax invoices, communication and other documents issued by you
- ❑ VAT Registration Certificate would contain important details like effective date of registration, tax period – generally quarterly
- ❑ You should inform the Tax Authority in writing about any changes in the data submitted in VAT registration application within 30 days from such changes

| To summarize...

- ❑ You should first assess the requirement of obtaining VAT registration based on:
 - taxable turnover (including imports of goods/ services)
 - nature of your customers
 - input VAT cost on expenses (i.e., purchase of goods or services)
- ❑ Then you should apply for VAT registration within the prescribed timeframe to avoid any penalties
- ❑ Once you obtain the VAT registration, you must:
 - intimate VAT registration number to all your customers and vendors
 - start charging and collecting VAT on all invoices raised to your customers after the date from when the VAT registration is effective
 - ensure that all your vendor invoices contain your VAT registration number and other details
 - maintain appropriate documents/ records like original purchase and sale invoices, books of accounts etc.
 - start doing VAT compliances like payment of VAT, filing of VAT returns on a timely basis



Questions and Answers



Thank You

Contact us:

Tel: +968 (0) 24061000

Email:

info@moore-oman.com

tax@moore-oman.com



Disclaimer

- ❑ Our comments made in the presentation are based on our understanding of the translated version of the VAT law in Oman and the VAT law other GCC countries and does not constitute any written view/ opinion
- ❑ Unless specifically requested, we have no responsibility to update the presentation for any events, transactions, circumstances or any changes of law that may occur subsequently
- ❑ Aspects covered in the presentation are purely a matter of interpretation and not binding on any regulatory or tax authorities. Therefore, there can be no assurance that the regulatory or tax authorities will not take a position/ view contrary to the same
- ❑ This presentation must be solely used for the purpose of awareness about the broad concept of VAT and therefore should not be used for any other purpose. Further, we recommend that no decision should be arrived basis the details mentioned in the above slide decks and accordingly, we or any other person associated with us are not solely/ jointly or collectively responsible for any loss (i.e., financial and non-financial) occurred to the person, if any position is adopted basis the details mentioned in the above slide decks