



SNAPSHOT OF VAT REGISTRATION IN OMAN

6 January 2021

Oman Tax Authority published a guide that provides clarity on when a Business should obtain VAT registration during the transitional period. The table below sets out the mandatory registration thresholds, registration deadlines and effective date of registration:

A. Registration Deadlines and Thresholds

Annual Supplies	Registration Deadline	Effective Date of VAT registration
Above 1,000,000 OMR	1 February 2021 to 15 March 2021	16 April 2021
500,000 OMR to 1,000,000 OMR	1 April 2021 to 31 May 2021	1 July 2021
250,000 OMR to 499,999 OMR	1 July 2021 to 31 August 2021	1 October 2021
38,500 OMR to 249,999 OMR	1 December 2021 to 28 February 2022	1 April 2022

B. Calculation of Registration Threshold

For VAT registration purposes, the total value of Annual Supplies is calculated across a period of past 12 months or next 12 months. For the calculation of Annual Supplies, the following is to be taken into consideration:

- Standard rates & zero-rated sales (except disposal of capital assets);
- Intra-GCC supplies; and
- Supplies (goods and services) subject to reverse charge mechanism

Based on our experience of implementing VAT in other GCC member states, determining Annual Supplies for VAT registration could be an important aspect as delayed registration attracts heavy penalties.

C. Registration with the Oman Tax Authority

Guide outlines the process for registration with Oman Tax Authority, which is actioned through Oman Tax Authority e-services portal. The process of obtaining VAT registration number / certificate includes filing an online application along with requisite documentation. Once the online application is reviewed and accepted by Oman Tax Authority, a VAT registration certificate will be issued that contains the registration number and other information such as the effective date of registration and relevant tax period.

BDO comments

Given that the Authority has clarified threshold and timelines for obtaining VAT registration, it is important that Businesses having Annual Supplies above OMR 1 million take prompt action to ensure VAT readiness by 16 April 2021.

Businesses with Annual Supplies less than OMR 1 million may opt to register voluntarily before the mandatory registration deadline but must register as per mandatory registration threshold mentioned in the above table. VAT registration will enable Businesses recover input VAT paid to vendors, suppliers, sub-contractors etc. Independent evaluation should be done by Businesses to understand the advantages of obtaining registration before the prescribed deadline.

Thus, it is pertinent to conduct VAT impact assessment in order to evaluate Business's VAT obligation on technical positions, processes, systems and compliances.

Our team of seasoned VAT experts would be happy to support you to ensure smooth implementation of VAT. Please reach out to us for any assistance in relation to Oman VAT.

Contact us

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