

Oman introduces VAT law

EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

On 12 October 2020, His Majesty Sultan Haitham Bin Tariq issued Royal Decree No. 121/2020 to introduce Value Added Tax (VAT) in Oman at the rate of 5%. The law will come into force in April 2021.

The Gulf Cooperation Council VAT Framework Agreement stipulates that businesses with taxable turnover in excess of US\$100,000 must register for VAT, and businesses with taxable turnover between US\$50,000 and US\$100,000 have the option of registering for VAT. Oman will adopt a phased introduction with an initial focus on larger businesses.

Businesses that have not yet begun their VAT implementation projects will need to start preparing if they are to be compliant when VAT is implemented. Being a transactional tax, the introduction of VAT is expected to have a wide impact across the business. Some of the key areas that businesses should look at to assess their readiness for VAT include:

- ▶ VAT treatment of sales and purchases
- ▶ Contracts and pricing
- ▶ Accounting systems
- ▶ Invoicing
- ▶ VAT return preparation

For additional information with respect to this Alert, please contact the following:

Ernst & Young LLC, Muscat

- ▶ Ahmed Amor Al-Esry ahmed.amor@om.ey.com
- ▶ David Stevens david.stevens@ae.ey.com
- ▶ Alkesh Joshi alkesh.joshi@om.ey.com
- ▶ Mitul Patel mitul.patel@om.ey.com
- ▶ Nikhil Grover nikhil.grover@om.ey.com
- ▶ Lamya Al Ghafri lamya.alghafri@om.ey.com

Ernst & Young LLP (United States), Middle East Tax Desk, New York

- ▶ Asmaa Ali asmaa.ali1@ey.com

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Indirect Tax

© 2020 EYGM Limited.
All Rights Reserved.

EYG no. 007072-20Gbl

1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com