

Oman Ministry of Finance targets September 2019 for VAT implementation

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Executive summary

On 25 September 2018, the Oman Chamber of Commerce and Industry held a special seminar entitled *Value Added Tax (VAT): The Motives, Objectives and Potential Impacts on Economy and Development*.

During the event, it was stated that the authorities are now targeting September 2019 to implement VAT in Oman.

Detailed discussion

Background

The speakers at the seminar included senior government representatives. The panel discussed the government's purpose and objectives behind the introduction of VAT in Oman, and the potential impacts on the economy and business environment.

During discussions, there was acknowledgement that the introduction of VAT comes as part of Oman's commitment to the Gulf Cooperation Council VAT Framework Agreement ratified by the six member states. Moreover, the introduction of VAT and other taxes, such as excise tax, will support the Government in its efforts to diversify its sources of revenue and enhance its fiscal management program.

Key developments

Discussions indicated that the authorities are targeting an implementation date of September 2019, although there could still be flexibility on this date depending on the wider economic circumstances.

As a response to several concerns and queries on the scope of VAT that were raised by the other panel speakers and members of the audience, it was indicated that some goods and services that are deemed as necessities may not be subject to a VAT levy. Specifically, it was mentioned that VAT may not be levied on 94 food items as well as the healthcare and education sectors. It was also indicated that VAT may not be levied on parts of the real estate and transportation sectors as they may benefit from certain reliefs.

Next steps

The speakers also pointed out that the ministries are keen to understand the specific concerns that businesses have regarding the impact of VAT on certain industries. They also mentioned that there are plans to launch awareness campaigns for business owners and the general public once an implementation date has been finalized.

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