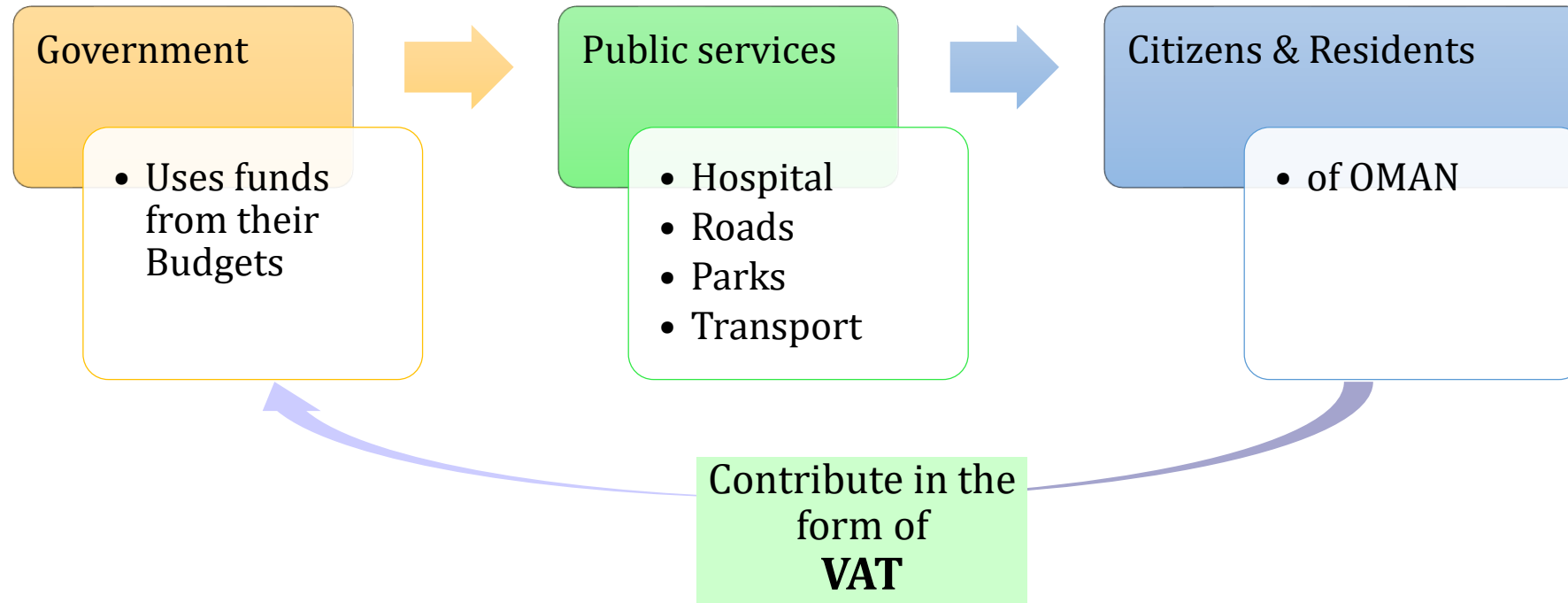


**OMAN VAT \_ The  
Expectation  
Be Prepared in  
Advance**

# Why VAT?



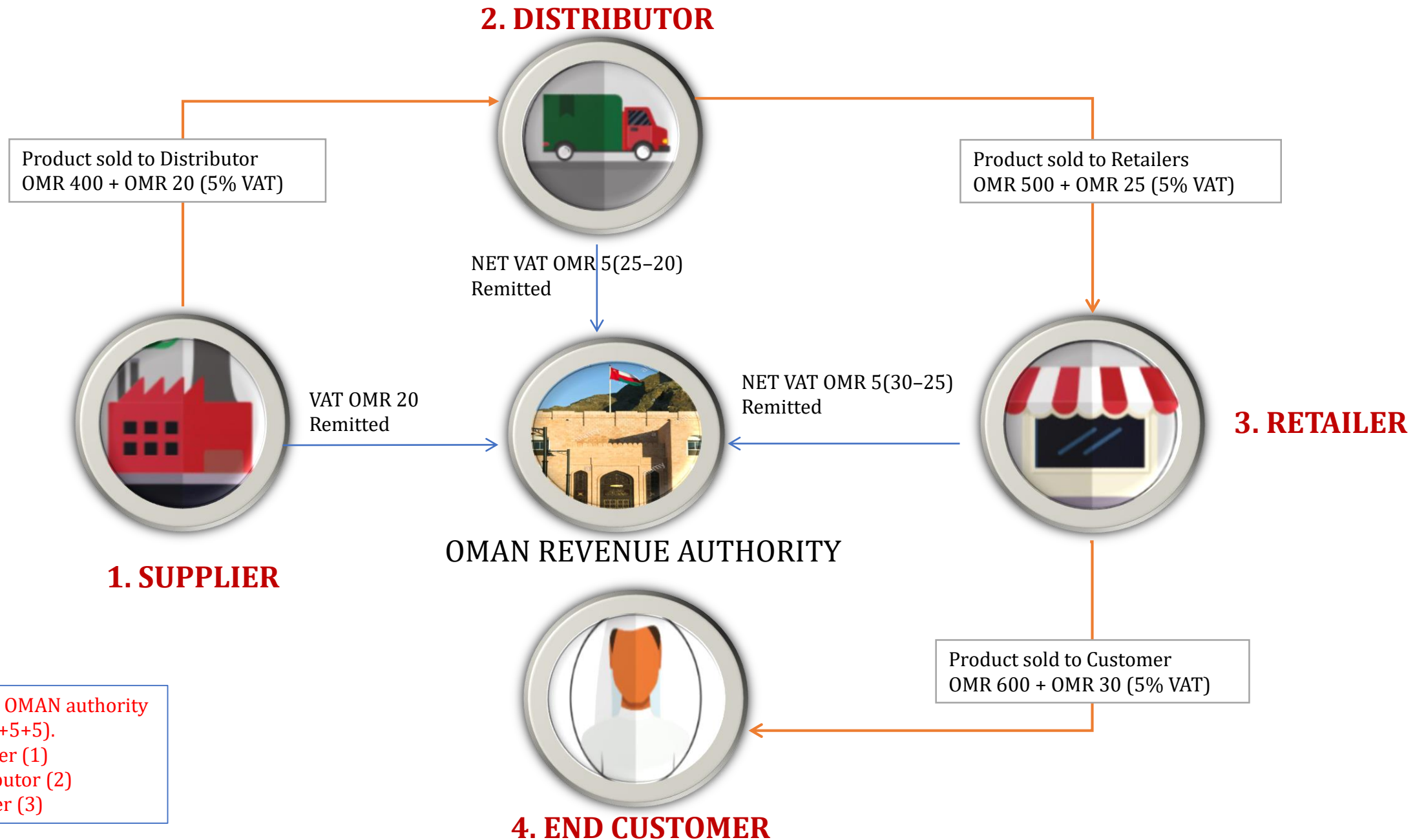
**VAT** - Indirect tax **charged on consumption** and is **levied on the supply and import** of goods and services.

**Effective date** : Expected to be effective from September 2019.

The GCC Countries agreed to Implement VAT at standard rate of 5%. Accordingly, it is expected that same rate will be imposed in Oman also (Subject to some exceptions).

VAT is charged at the time of purchase of selected goods or consumption of services, consumers pay the VAT cost. In turn, businesses pay the OMAN Tax Authority the VAT collected from their customers' and recovers the VAT they paid to their suppliers.

# How does VAT works?



# Oman VAT

## Implementing soon. BE PREPARED

Effective date is not certain yet, this is the best chance for us to be prepared well in advance. Preparation is key because VAT liabilities are self-assessed, VAT can add an extra cost to businesses if a business is not prepared. Moreover, non-compliance with the tax laws may attract severe penalties. With no doubt, we can say that the implementation of VAT would require a total revamp of all the present practices and would assert a higher degree of financial transparency as well as accounting discipline.

## Industries affected

VAT will impact most industries, but majorly

- Consumer Products
- Industrial products
- Technology, media and telecommunications
- Financial sector
- Real estate sector
- Services sector

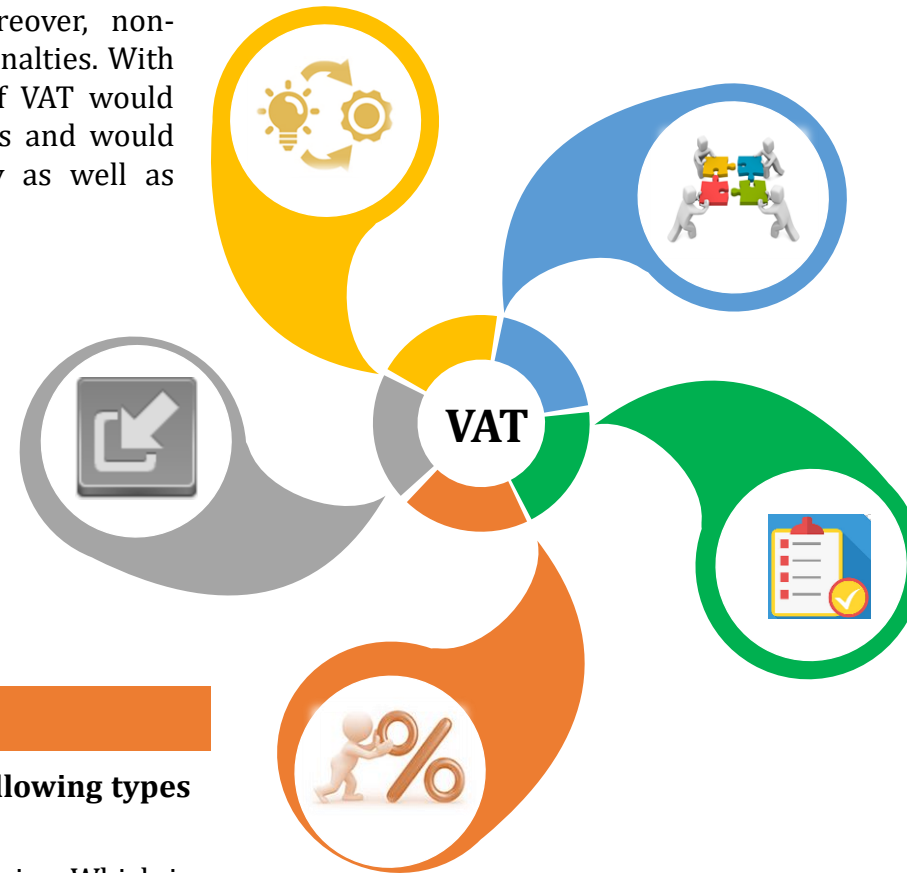
## Types of taxes

**As adopted by UAE, KSA & Bahrain we expect following types of rate in OMAN VAT.**

**Standard VAT rate** will be 5% in all six GCC countries. Which is significantly low as compared to rest of the world.

**Zero rated tax :** Supplies are taxable but at Zero rate of VAT

**Exempt :** VAT is not levied on some goods and services.



## Steps to perform NOW.

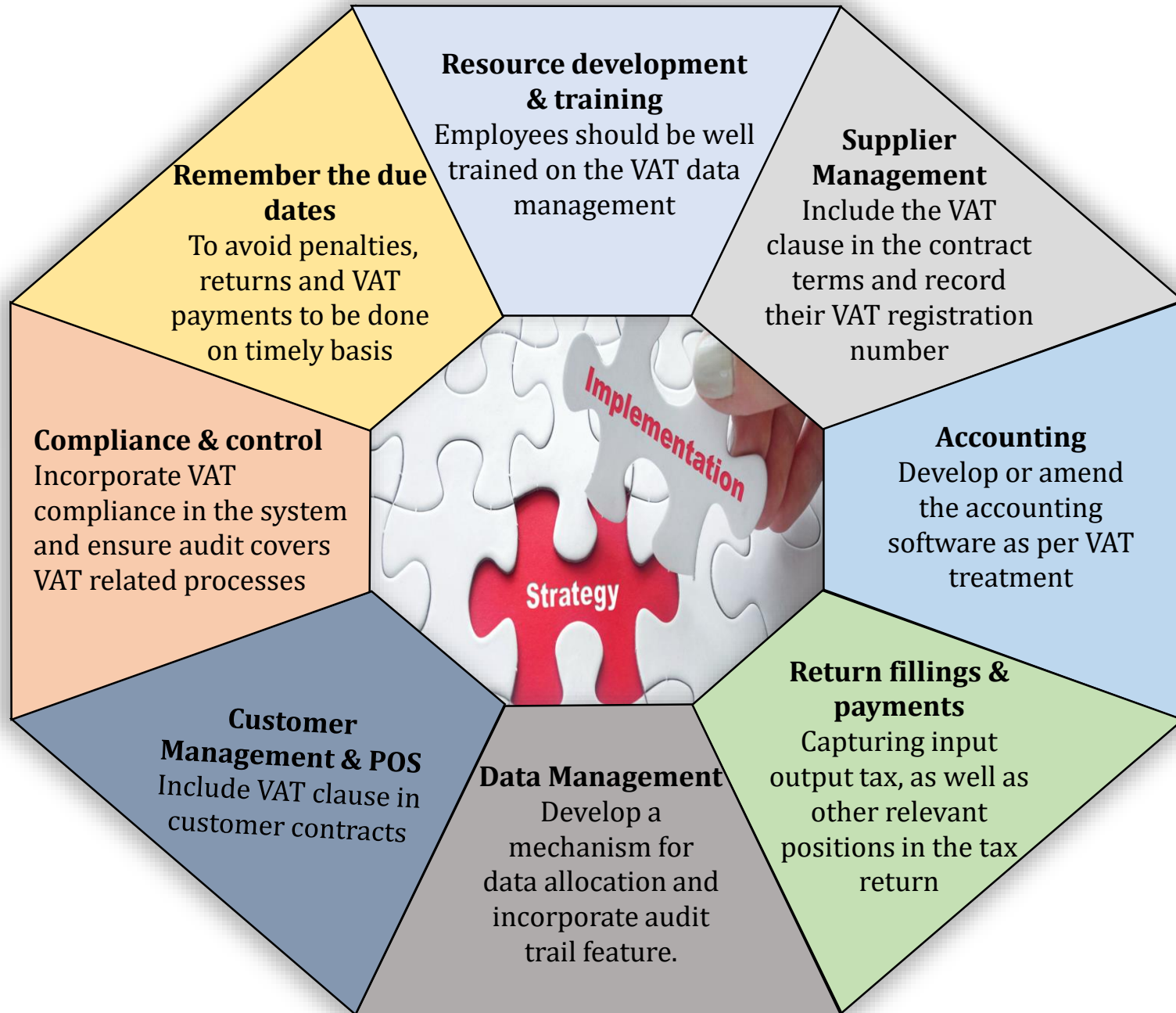
- Make the needed changes to the IT systems
- Develop more efficient processes
- Incorporate a robust accounting system that has VAT module
- Identify how VAT will influence the business model and operations.
- Get professional help for right ways to implement systems perfectly
- Negotiations with new and existing vendors for reduced prices
- Take initiative to provide training to operational staff
- Reviewing and updating contractual arrangements with vendors and customers including appropriate clause of VAT implementation to determine each party is aware of its responsibilities for paying and accounting for VAT

## Post Implementation Actions

- VAT registrations, collection, payments and returns filing need to be performed without delay
- Resolve transition related issues
- Maintain accurate financial and other records in an orderly manner
- Maintain proper invoicing system



# Steps to get ready



# Sector wise VAT impact

As adopted in the UAE, KSA and Bahrain, we have set out below sector-specific VAT treatment at the time of writing (note these will change and evolve so check if you have specific questions or want to apply rules to individual transactions):

| Sector                                 | Kingdom of Saudi Arabia   | United Arab Emirates  | Kingdom of Bahrain   |
|--|---|---|--|
| <b>Real estate</b>                     | Residential rental: Exempt<br>All other real estate: Taxable  | The first supply of residential buildings within (3) years of its completion: Zero-rated.<br>The first supply of buildings converted from non-residential to residential: Zero-rated.<br>Residential rental: Exempt<br>Bare land: Exempt<br>New housing: Zero rated<br>All other real estate: taxable | All real estate supplies are exempt                              |
| <b>Insurance</b>                       | All non-life insurance: Taxable<br>Life insurance: Exempt   | All non-life insurance: Taxable<br>Life insurance: Exempt   | All non-life insurance: Taxable<br>Life insurance: Exempt        |
| <b>Financial services</b>              | Fee based services: Taxable<br>An implicit Margin based services: Exempt  | Fee based services: Taxable<br>Margin based services: Exempt  | Fee based services: Taxable<br>Margin based services: Exempt     |
| <b>Food items</b>                      | All taxable   | All taxable   | Basic Food Item Exempted   |
| <b>Education</b>                       | Taxable   | Specified services: Zero rated  | Specified services: Zero rated                                   |
| <b>Health</b>                          | <ul style="list-style-type: none"> <li>• Taxable (Private Healthcare Providers)</li> <li>• Services provided by government healthcare providers are considered to be provided in the capacity of a public body. These activities will therefore fall outside the scope of VAT</li> </ul>                              | Specified services: Zero rated  | Specified services: Zero rated                                   |
| <b>Medicines and medical equipment</b> | Zero-rated (qualified medicines and qualified medical equipment)  | Zero-rated (identified in a decision issued by the Cabinet)   | Zero-rated (qualified medicines and qualified medical equipment) |
| <b>Local transport</b>                 | Taxable   | Exempt  | Zero Rated   |
| <b>Oil and gas</b>                     | Taxable   | Specified products: Zero-rated  | Specified products: Zero-rated                                   |
| <b>Export</b>                          | Zero-rated  | Zero-rated  | Zero-rated   |
| <b>International transport</b>         | Zero-rated  | Zero-rated  | Zero-rated   |
| <b>Precious Metal and Stone</b>        | <ul style="list-style-type: none"> <li>• Zero-rating to the first supply of a qualifying metal by its producer or refiner as defined</li> <li>• Zero-rating on any grant, assignment or surrender of a right, interest or claim with respect to any supply of a qualifying metal for investment as defined</li> </ul> | Zero-rating the supply or import of investment precious metals  | Zero-rating the supply or import of investment precious metals   |

*Thank  
you*



We appreciate you for going through this information and welcome you to connect with us.



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