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# Transitioning to E-Invoicing in Oman: Legal Requirements and Key Steps for Businesses

The Oman Tax Authority is preparing to launch an electronic invoicing (e-invoicing) system for Value Added Tax (VAT) in 2024, aiming to modernize tax administration and improve compliance. This shift aims to reduce tax fraud, increase transparency, and streamline corporate operations. As businesses prepare for this change, understanding the legal requirements outlined by the tax authority is crucial.

## Overview of the E-Invoicing Implementation

**E-invoicing in Oman will be implemented in two phases:**

**1. Voluntary Phase:** From April to September 2024, taxpayers registered for VAT will have the option to voluntarily implement e-invoicing. While not mandatory, businesses are encouraged to embrace this digital transformation voluntarily to familiarize themselves with the system and minimize potential challenges.

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**2.Mandatory Phase:**Following the voluntary phase, e-invoicing will become mandatory for all sizable Omani enterprises starting in October 2024. The exact definition of "sizable Omani enterprises" is yet to be officially confirmed. However, the VAT Regulations outline penalties ranging from OMR 500 to OMR 5,000 for non-compliance with the mandatory e-invoicing requirements.

### Important Legal Requirements for E-Invoicing Compliance

- **Electronic Tax Invoices:** As per the VAT Executive Regulations' essential information requirements and the tax authorities' decision No. 456 of 2022, electronic tax invoices must be structured electronically. Businesses need to ensure their e-invoices comply with the format and rules specified by the tax authority.
- **Penalties for Non-Compliance:** Article 202 of the VAT Regulations lists penalties for failing to comply with e-invoicing requirements. These penalties can arise from non-compliance with the guidelines or failure to submit electronic tax invoices, emphasizing the importance of prompt compliance.

### Preparing for E-Invoicing

To ensure readiness for the shift to electronic invoicing, companies need to:

- **Update compliance policies and business processes:** This includes making necessary investments in technological infrastructure and implementing compliance solutions to guarantee smooth integration with the e-invoicing system.
- **Monitor updates from the tax authority:** As e-invoicing is implemented, companies should closely follow announcements and updates from the tax authority regarding program parameters and timelines. Staying informed helps businesses maintain compliance and manage the transition effectively.

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## Conclusion

As Oman prepares to integrate e-invoicing into its VAT system, prioritizing compliance with legal requirements outlined by the tax authority is essential for businesses. By following the standards for electronic tax invoicing, companies can fulfill their regulatory obligations and leverage the digital transformation to enhance operational efficiency and transparency. With the mandatory implementation deadline approaching, businesses should take proactive measures to ensure a smooth transition and avoid potential penalties for non-compliance. Additionally, seeking professional guidance can be beneficial for businesses requiring assistance with understanding or implementing the e-invoicing requirements.



**"Reach out and let's connect!"**

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