

OMAN VAT Update

Oman Tax authority (OTA) has released procedures for applicability of VAT in special zones including special economic zones and free zones.

Overview

As per the Article (54) of Oman VAT Law, supplies of goods and services to or from the special zones, or supplies of goods and services within special zones may be zero-rated subject to conditions mentioned under Executive Regulations.

List of Zone classified as Special Zones for the purpose of VAT

Below zones have been classified as Special Zone for the purpose of VAT by OTA:

- Special Economic Zone IN Duqm (SEZAD)
- Free Zones located in Salalah
- Free Zones located in Sohar and
- Free Zones located in Al Mazyunah.

Registration for VAT

Any company or persons working in the special zone whose entire supplies of goods or services are taxable at zero-rate is required to apply for registration with the Tax authority.

Application can be made online through the electronic portal <https://www.taxoman.gov.om/>

Below documents will be required to apply for VAT registration:

- a copy of the commercial registration certificate; and
- a copy of the license certificate issued by the relevant Special Zone Authority

VAT on Supply of Goods

Supply of goods to or from or within the special zones may be treated as zero rated subject to below conditions:

- Recipient of goods should be a Taxable person.
- The customer should be registered with the special zone authority.
- The customer has received goods for purpose of carrying out the activity/operations.
- The Goods must not be excluded from the right to deduct Input Tax according to the provisions of Article (56) of the Executive Regulations.

It is mandatory to keep documents (including customs documents) by each taxable person as evidence of supply of goods to or from or within Special zone. Documents to be certified by the supervising entity at the special zone

VAT on Supply of Services:

Supply of Services to or from or within the special zones may be treated as zero-rated, subject to below conditions:

- Customer is registered for VAT.
- The customer should be licensed and registered with the special zone authority.
- That the client has received services for the purposes of activity in the Special Zone.
- These services should not be exempt from VAT in accordance with the provisions of Article (47) of the VAT Law.
- These services do not include services such as restaurant and hotel services, food and beverage, entertainment, artistic, sports, and cultural and educational services as per Article 24(5) of the VAT Law.

If you would like to discuss any VAT matters, please drop us an email at info-oman@premier-brains.com or call us at **+968 78037991**

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