

Oman Tax Authority (OTA) – Issuance of Decision No. 456 of 2022 and Amendments in Oman VAT Executive regulation thereof.

On 16 October 2022, OTA has issued Decision No. 456 of 2022 modifying a few provisions of the Executive Regulations for the Oman VAT Law, which took effect on October 17, 2022.

Below is a summary of the significant changes to the Oman VAT Executive Regulations:

1. Place of supply of telecommunication services

Article 28 has been amended to determine the place of supply of telecommunication services based on below scenarios:

- (a) If the supply of services is through fixed communication tools (which need the actual presence of the customer), the place of Supply is deemed to be in the geographic location where the devices (communication tools) are located.
- (b) If the services are provided through mobile networks the country that owns the international code for the chip of the electronic gadget used by the customer should be the place of supply.
- (c) For any other cases, the place of actual use or enjoyment of the services is the place of residence of the customer.

2. Tax exemption for Financial Services

Earlier, the financial services provided by banks and financial institutions licensed by the Central bank were exempt from VAT, Now, with the amendment, the exemption is extended to financial services provided by all taxable persons. (Ref - Article 79)

3. Time limit for issuance of tax invoices

The Tax Invoice must be issued within fifteen (15) days of the date of supply (Ref- Article 143)

4. Simplified tax invoices

OTA approval requirement for issuing simplified tax invoices has been removed (Ref- Article 146)

5. E-invoicing provisions

Provisions of electronic tax invoices have been introduced which indicate the intention for possible implementation of e-invoicing in near future.

6. Diplomatic refunds process

There have been changes in the process for diplomatic, foreign govt, international organizations, etc. refunds. Refunds will now be processed as per the conditions determined by OTA with the Ministry of foreign affairs. (Ref- Article 188 & 189)

7. Failure to issue the tax invoice

Failure to issue the tax invoice in accordance with the requirements specified in regulations will attract a penalty of OMR 500 to OMR 5000. (Ref- Article 202 (4))