



VAT Payable 3,425 Cr

VAT TICKET RESOLVED

Sl. No.	System No.	Qty	Amount (OMR)	VAT %	VAT(OMR)	Gross Total
01	MAC/2020/001	1	2,000	5%		2,100
	MAC/2020/002	1	2,250	5%		2,363
03	MAC/2020/003	1	750	5%		788
04	MAC/2020/004	1	2,500	5%		2,625
05	MAC/2020/005	1	1,000	5%		1,050

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Total VAT: 3,425    Taxable Value: 68,500    Round Off:    Gross Amount: 71,925

**VAT READY**

Total VAT 636.80

Net Total After Round Off 4,820.00

## Oman VAT Guide

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## What is VAT? When will VAT be implemented in Oman?

As the name indicates Value Added Tax (VAT) is a tax on import and supply of Goods & Services that is collected and remitted at each stage of value addition in the supply chain; from production till distribution to the ultimate consumer.

The Oman Government has passed a Royal Decree on 12 October, 2020 approving the implementation of Value Added Tax (VAT) Law. VAT is expected to be implemented in Oman from 16th April 2021.

The VAT Executive Regulations, expected to be published by December 2020, will provide more detail on specific areas of the Law.

Under the VAT system:

1. The supplier collects tax on supply from his customer – Output VAT
2. If the supplier has already paid tax on his expenses, it is called - Input VAT
3. The supplier remits to the government, Output VAT collected after deducting Input VAT credit.



## How will VAT affect my Omani business?

VAT is ultimately borne by the end user of the goods or services as it is levied on a transaction basis. This means that VAT will touch almost all business activities and support functions.

Since VAT is collected through the businesses as a channel, the government will issue various regulations applicable to the businesses in Oman. Such regulations may include:

1. VAT Registration
2. Tax Invoices
3. Exemption from VAT
4. Remittance of VAT to the Government
5. Submission of VAT Returns
6. Maintenance of VAT records for certain period
7. Penal Provisions for non-compliance with the VAT Law



## Do all small businesses have to collect VAT? What businesses are exempt?

VAT should be collected only by the taxable suppliers. A supplier becomes taxable supplier only by the registration under VAT Law (Compulsorily or Voluntarily)

Certain supplies exempted from VAT include:

1. Financial Services
2. Educational Services and related goods and services
3. Healthcare Services and related goods and services
4. Undeveloped Land (Bare Land)
5. Resale of Residential Properties
6. Local Passenger Transport
7. Renting of properties for residential purposes.

Note: Certain supplies are taxed at zero VAT rate subject to rules and regulations.



## Do I have to register for VAT?

A supplier should register under VAT Law based on the annual value of supply as follows:

Sl. No	Particulars	Criteria	Response
1	Value / Estimated value of supply at the end of any month in addition to the 11 months immediately preceding it or following it	Exceeds OMR 38,500	Mandatory
2	Value / Estimated value of supply / expenses at the end of any month in addition to the 11 months immediately preceding it or following it	Exceeds OMR 19,250	Voluntary

The value of supply of goods and services shall be calculated as mentioned in the Rules, Regulations and VAT Law issued by the Tax Authorities.



## What are the steps I need to take to make my small / medium business ready for VAT?

A successful response to VAT will require several steps including setting processes in place, disciplined book keeping, digitizing accounting information and educating all stakeholders (both internal and external)

### 1. **Registration:**

Get ready for registration under VAT law

### 2. **Reformatting Invoices:**

Plan to reformat the existing Invoice to Tax Invoice with the details prescribed by the government.

### 3. **Accounting System:**

Make sure that existing system can take care of recording VAT transactions and provide information such as value of taxable supplies, zero rated supplies, exempted supplies, Output VAT Collected, Input VAT Credit, and Net Output VAT payable to the government etc.

### 4. **Periodical Tax Remittances:**

Make arrangements for the remittance of VAT to the government within the due dates.

### 5. **Education & Training:**

Educate your staff, suppliers and customers with respect to the compliance of VAT Laws.

### 6. **Drafting Contracts:**

Make sure you update current contracts to include VAT implications and define VAT terms in all future contracts

### 7. **Periodical Return Submissions:**

Educate your staff for submitting periodical VAT returns to the government within the due date.

### 8. **Documentation:**

Secure valid supporting document for claiming Input VAT credit

### 9. **Data Storage & Security:**

Make arrangements for protecting your VAT bills and documents for 10 years or 15 years as the case may be.



## How can IBFC help with my VAT implementation?

IBFC understands how VAT can pose significant challenges for a small and medium business running on limited resources. We have put our many years of experience to develop an end to end service to address VAT implementation.

IBFC in association with Al Nuha International (Auditors) has developed a highly structured VAT compliance process. Our friendly service is driven by a highly qualified team supported by a custom-designed web and mobile platform, MyAcsys. Our comprehensive VAT service for Small & Medium businesses in Oman include:

1. VAT Registration Support
2. VAT Process consultancy including identifying documentation and setting processes for implementation.
3. Digitization of your accounting.
4. Mobile and Web Apps that enable document upload and access 24\*7 from anywhere
5. Periodical VAT Returns submission

Get VAT compliant without any needless stress. Outsource your VAT compliance and get your accounting to the New Age with IBFC & Al Nuha International (Auditors). Our team of tax specialists will take care of all your tax compliance needs.

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