

# Recent amendments to the executive regulations of Oman Tax law

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# Taxes in Oman

**The 2019 budget extracts:**

**Total revenue RO10.1 billion**

**Total expenditure RO 12.9 billion.**

**Deficit RO 2.8 billion.**

**Total taxes and fees RO1.45 billion.**

**Corporate tax RO 500 million (rate 15%)**

**Local tax RO100 million**

- **Gradual introduction of VAT**
- **Selective excise tax**
- **Impact of the international tax initiatives of OECD and EU**

# Withholding tax

## **Who is the tax payer:**

- 1. Omani company**
- 2. Permanent Establishment(PE) of a foreign person in Oman**
- 3. Omani establishment (sole proprietorship)**
- 4. Ministries, authorities and public institutions**

# Withholding tax

**Who is the payee:**

**Any foreign person, except:**

**Foreign person having PE in Oman,  
plus**

**Specified payments attributable to the PE in  
Oman**

# Rate and timing of deduction of WHT

**Tax to be deducted at lower of the following:**

**10% as per Oman tax law; or**

**Rate as per treaty, if any, between Oman and country of residence of foreign payee**

**Deduction on payment or credit , which ever is earlier**

# **Nature of payment of WHT**

**Income realized in Oman from :**

**Royalties**

**Use or right to use the computer software**

**Research and development**

**Management fees**

**Provision of services**

**Interest**

**Dividend**

# Provision of services – exclusions

**Conferences , seminars, exhibitions**

**Training**

**Airline tickets and cost of staying abroad**

**Transport, shipping of goods and insurance thereupon**

**Board meetings**

**Payment for re-insurance**

**Services for activity or property located outside Oman**



# Interest

**Interest means any amount received because of loan, regardless of type, advances, arrangement for financial facilities, whether backed by guarantee or not. Includes income from bonds and sukuk.**

**Excludes: interest paid on deposits in banks in Oman, returns on bonds and sukuk issued in Oman and interest on inter- bank transactions**

# Dividend

**Withholding tax applicable only on dividend distributed by :**

**Joint stock companies**

**Investment funds**

**Real estate Investment funds.**

**Distribution of dividend by LLC not covered**

**Dividend paid to GCC citizens and GCC entities are outside the scope due to the GCC laws**

**Nor clear whether the exemption apply in case of GCC entities held by non-GCC shareholders**

# **Anti –abuse provision**

**General anti avoidance rules now introduced for Withholding tax matters**

**Tax authorities to disregard transaction if main objective to avoid WHT in Oman**

**Applies to all (even non related party) transactions or arrangements, whether preceding or subsequent to the implementation of law.**

# **Income tax exemption for companies**

**All exemptions removed except tax payers engaged in Industrial activity**

**Two new conditions:**

**Investment in fixed assets in excess of R01 million**

**Omanisation quotas to be achieved during the last three years of exemption period.**

**Omanisation to be a balance between different management levels**

# **Small Tax Payers ( STP)**

**Low tax regime of 3% subject to fulfilment of certain conditions.**

**The following conditions will exempt tax:**

**Owner or partner fully dedicated to management**

**Owner does not engage in any other work**

**In case engaged in more than one STP, exemption for only one STP**

**OR**

**Atleast two Omani persons working on permanent basis and**

**period of service not less than 6 months**

# Small Tax Payers ( STP)

**All the following conditions must be met to continue as STP:**

**Share capital of RO60,000**

**Total income of RO150,000**

**Average employee does not exceed 10 employees**

# Value Added Tax (VAT)

**Business need to account for VAT when there is a :**

**Taxable supply of good and services,**

**made in the course of business,**

**in Oman,**

**for consideration, and**

**by a person obliged to register for VAT.**

**Taxable supply is liable to VAT at standard (5%) / zero rate, and are eligible for input VAT refund / credit.**

**Exempt supply not liable to VAT and not entitled to input VAT credit.**

# Other matters

**Introduction of tax cards: 2 year validity, details such as name, tax card number, CR, any other details specified by SGT**

**SGT right to examine at the tax payer's premises:**

**Prior notice will be given( unless suspicion of tax evasion)**

**SGT may take documents/ records after providing receipts**

**Documents will be returned within 30days, SGT may keep copies**



# Thank you



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