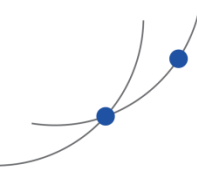


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VALUE ADDED TAX (VAT) UPDATE

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BACKGROUND

All countries in GCC agreed to introduce and implement Value Added Tax (VAT) and treaties in relation to this was agreed and signed by all countries in extraordinary meeting held at Jeddah – KSA. Accordingly, UAE and KSA introduced VAT effective 1 January 2018. However, other GCC countries including Oman delayed implementation of the VAT. It was expected that Oman will introduce VAT with effect from 1st January 2019.

The Oman Chamber of Commerce and Industry held a special seminar – Value Added Tax (VAT): The Motives, Objectives and Potential Impact on Economy and Development on 25th September 2018. During the event, it was suggested that the authorities are now targeting September 2019 to implement VAT in Oman.

OMAN TO INTRODUCE VAT FROM SEPTEMBER 2019

During the event, the government representative who were available provide brief insight on the purpose and objectives behind the introduction of VAT in Oman, its potential impacts on various industries and economy as a whole and government's plans. The important takeaways from the discussion where;

When

- The authorities indicated that the government intends to introduce the VAT effective September 2019.
- However, depending upon the circumstances at that time, there could be change in the actual date of implementation.

Scope

- 5% VAT on supply of goods and services. Certain items may be out of the scope of VAT or Zero rated or exempted from VAT.
- Staple food items, healthcare and education sectors may not attract the VAT. Also, some part of real estate and transportation sectors may also not attract VAT levy.

Wayforward

- Authorities are open to understand specific concerns businesses may have regarding VAT and its impact on certain industries.
- They will launch awareness campaigns for business owners and the general public once an implementation date has been finalized.

VAT Readiness

Government is readying itself for successful implementation of the VAT and with this insight, it is almost certain that VAT may be implemented in year 2019. Businesses have sufficient time to take proactive steps and make them VAT ready well before it is introduced to minimize its impact on their businesses. The broad steps involved are;



Question to ask yourself?

Do our legal agreements / bids have "Excluding VAT" clause?

How can our software be modified to get it VAT ready, its cost and timelines?

Are our people well trained and experienced to manage implementation and later manage the VAT requirements?

How well aware our principles, customers and suppliers are with VAT requirements and possible impact on existing contracts?

Considering the size of our business and potential impact of VAT, do we need VAT experts/ resources?

Disclaimer:

The Information contained in this document is intended solely for the information purposes and shall not be treated as professional advice or legal opinion. It should not be relied upon to take any decisions.

Need further assistance?

Should you need any further assistance on the matter or would like to know more, you may contact our VAT experts.

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