

# VAT Taxpayer Guide

## Electronic Commerce (‘E-commerce’)

Version 1 – June 2023

**Disclaimer:**

This information is intended to provide a general understanding of the relevant treatment under the Sultanate of Oman's Value Added Tax Law and aims to provide a better general understanding of taxpayers' tax obligations. It is not intended to comprehensively address all possible tax issues that may arise. While the Sultanate of Oman's Tax Authority ("TA") has taken the initiative to ensure that all information contained in this guide is correct, the TA will not be responsible for any mistakes and inaccuracies that may be contained, or any financial loss or other incurred by individuals using the information from this guide. All information is current at the time of preparation and is subject to change when necessary.

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## **1. Introduction**

### **1.1 What is this guide about?**

The purpose of this guide is to provide guidance and clarifications regarding the VAT treatment related to supplies of Goods and Services in the course of E-commerce activities in Oman.

The guide reflects the TA's interpretation on the application and treatment of VAT with respect to the VAT Law and the Executive Regulations at the date of issuance of this guide. This is strictly a guideline and may not include some relevant legislative provisions from the VAT legislation. This guide is not binding on the TA, or on any taxpayer in respect of any transaction carried out, and it cannot be relied upon in case of dispute.

For further guidance on specific transactions, you may apply for a ruling, or visit the TA's website at [www.taxoman.gov.om](http://www.taxoman.gov.om).

### **1.2 Who should use this guide?**

You should read this guide if you are involved in the E-commerce sector, that is: making supplies of goods and services via electronic means such as a website, electronic platform, social media store or an application.

### 1.3 Definitions

**The following terms are dealt with in this guide:**

- **Taxable Value:** The value used as a base to compute VAT in accordance with the provisions of the VAT Law.
- **Supply:** A supply of Goods or Services for Consideration in accordance with the VAT Law.
- **Supplier:** The person who supplies Goods or Services.
- **Customer:** The person who receives Goods or Services.
- **Taxable Person:** The person who conducts the activity independently for the purpose of generating income and is registered with the Tax Authority or is required to register with it pursuant to the provisions of the VAT Law.
- **Taxable Supplies:** The supplies on which Tax is charged at the standard or zero rate, and the Input Tax related thereto is deductible according to the provision of the VAT Law.
- **Input Tax:** The Tax borne by the Taxable Person in respect of the Goods or Services supplied to him or imported for the purpose of conducting the activity.
- **Output Tax:** The Tax due that is charged on Taxable Supplies of Goods and Services.
- **Consideration:** Everything collected or to be collected by the Taxable Supplier from the Customer or a third party for the Supply of Goods or Services inclusive of the Tax.
- **Goods:** All tangible assets and includes - in particular - water and all types of energy including electricity and gas.
- **Services:** any supply that is not Goods.

- **Resident:** A person who has a place of residence in the Sultanate of Oman for VAT purposes.
- **Non-resident:** a person with no place of residence in the Sultanate of Oman.

## 2. Introduction to E-commerce

E-commerce refers to supplies of goods and services via electronic means such as a website, electronic platform, social media store or an application.

The electronic website, electronic marketplace, forum or similar application is acting as an agent or intermediary to facilitate the sale of goods or services from a supplier to a customer and allows a transaction to be completed through it.

There are different types of E-commerce models which depend on the status of the parties involved in the supply transaction (e.g., private individuals or businesses). **E-commerce business models can generally be categorized into four traditional models:**

- 1) Business - to - Business (B2B),
- 2) Business - to - Consumer (B2C),
- 3) Consumer - to - Consumer (C2C), and
- 4) Consumer - to - Business (C2B).

Notably, the E-commerce model connects non-resident suppliers of goods and services with consumers in the Sultanate and allows Omani customers to make direct purchases with those non-residents. The VAT consequences of supplies by non-residents are a focus of this guide.

### **3. Registering for VAT**

VAT is a self-assessed tax; therefore, persons are required to continually assess the need to be registered for VAT.

Generally, VAT registration falls into two categories: Mandatory registration and Voluntary registration. If a taxable person's turnover exceeds the annual mandatory registration threshold of OMR 38,500, the Person is obligated to register; if it exceeds only the voluntary registration threshold, the Person has the option to register.

#### **The following are taken into account for registration:**

- Taxable supplies (i.e., standard and zero-rated supplies) less the value of any supplies that are part of the business' capital assets;
- Intra-GCC supplies of Goods and Services; and
- Value of goods and services supplied to the taxable person in the Sultanate where the Reverse Charge Mechanism is applicable.

For further guidance on VAT registration requirements, please visit TA's website at [www.taxoman.gov.om](http://www.taxoman.gov.om).

#### **3.1 Registration of Non-resident Suppliers**

A non-resident E-commerce supplier is required to register for VAT in Oman if it is required to collect the VAT payable on its supplies to Oman.

#### **This will occur when both the following apply:**

- a) It makes supplies of goods or services which have a place of supply in Oman (place of supply rules for goods and services are discussed throughout this guide); and

b) If the customer is not a Taxable Person in Oman who is obligated to self-account for the VAT on supplies received (self-accounting for VAT using the “Reverse Charge Mechanism” is discussed in section 5 of this guide).

The mandatory registration threshold does not apply to non-resident suppliers. If the non-resident supplier is obliged to collect the VAT, it must register regardless of the value of those supplies.

**For example,** if the non-resident supplier makes a supply of goods or services subject to VAT in Oman to a non-taxable private consumer, the “Reverse Charge Mechanism” does not apply to require the non-taxable consumer to self-account for the VAT due. The non-resident supplier must therefore register for VAT in Oman and charge VAT on this supply (and any other supplies of this type).

**However,** if a non-resident supplier only makes supplies of goods or services subject to VAT in Oman to a Taxable Person (VAT registered in Oman) who is obligated to self-account for VAT on supplies received using the Reverse Charge Mechanism, the non-resident supplier would have no VAT registration obligations in Oman.

More details on how to register non-residents for VAT can be found in the VAT registration procedures for Oman non-resident applicants. Note also sector-specific approaches accepted as laid out in the VAT industry guides, as updated from time to time.

## **4. Supplies of Goods**

### **4.1. Introduction**

A supply of goods in the E-commerce context involves a consumer initiating a purchase of goods through an electronic means, such as a website or a marketplace. Once the goods are purchased, they are then delivered to the customer. The delivery of the goods is usually arranged by the supplier or the website or a marketplace through which the purchase is made (details in section 6 of this guide).

**The rules for applying VAT will depend on the place of the supply, the recipient, and the nature of the goods.**

### **4.2. Place of Supply**

The place of supply is the country where tax is ultimately levied on that supply. This is an important distinction for goods which are transported between two countries.

A supply of Goods made in Oman (with a place of supply in the Sultanate) shall be within the scope of the VAT Law and, therefore, will be subject to VAT. Supplies made outside Oman fall outside the scope of VAT.

The general rule for determining the place of supply of goods which are delivered to the customer is where the place from where the supplier delivers the goods (where the transportation starts).

## Summary: Determining the Place of Supply of Delivered Goods

Transaction form	Description	Place of Supply
<b>Supply of Goods made in Oman</b>	Supply of Goods by a VAT-registered Omani supplier, with goods shipped from Oman to an Omani customer	Oman
	Supply of Goods by a non-resident supplier, shipped from stock already located in Oman	Oman
	Supply of Goods by a VAT registered Omani supplier, with goods shipped from Oman to a non-resident customer	Oman (Note: zero-rating applies to export supplies)
<b>Supply of Goods made from outside Oman</b>	Supply of Goods by a non-resident supplier to a customer in Oman: delivery commences from outside Oman	Outside Oman, <u>but</u> VAT applies at the import of goods.

**Note:** special rules may apply in future to intra-GCC trade, for goods transported between Oman and another implementing State in the GCC. The Tax Authority will provide further information once the GCC states introduce the full intra-GCC trade rules, but until such time all GCC states have the same status as being outside Oman.

### **4.3. VAT Application**

VAT applies to goods which are supplied in Oman by a Taxable Person. VAT is also applied when goods are imported into Oman.

#### **4.3.1. Supply of Goods made in Oman**

As mentioned in 4.2, Goods are supplied in Oman if they are delivered from or made available in the Sultanate. Hence, for Goods sold and delivered in Oman, the place of supply is in Oman.

Where a taxable supply in Oman is made by a supplier which is a taxable person in Oman (i.e., is registered or required to register for VAT), the supplier must determine apply the appropriate VAT rate on the supply. The default VAT rate is 5%, which applies to most goods which are sold within Oman. A zero-rate applies to certain types of goods, including specified food items, medicines and medical equipment. In some limited cases, Goods can also be “exempt” from VAT, but these exemptions are unlikely to apply to goods supplied in an E-commerce context.

The taxable value of a supply includes all monetary consideration and non-monetary consideration payable for the supply, less the Tax. It includes any expenses, fees or taxes charged by the Supplier.

VAT is not applicable in cases where a non-VAT registered person in Oman (that is, a supplier who does not exceed the annual registration threshold) supplies goods to a customer in Oman. However, VAT registration requirements must be checked by the supplier.

#### 4.3.2. Import of Goods from outside Oman

Where goods are supplied by a non-resident supplier to an Omani customer, and those goods are transported from a place outside Oman, the place of supply of the goods is outside Oman. VAT is not charged on the supply, but VAT is instead collected when the goods enter Oman as an import.

In most cases, VAT at 5% will be applied on the import of the goods, based on the value of the sale to the Omani customer disclosed in the import declaration. Such VAT will be calculated and collected by the Directorate General of Customs of Oman and according to their procedures.

**Note:** VAT does not apply if the goods are of a type which are always either zero-rated or exempt if supplied in Oman.

For more details on the VAT treatment of Imports, please refer to the published guideline on Imports & Exports at the Tax Authority website.

## **5. Supplies of Services**

### **5.1. Introduction**

The VAT Executive Regulations has defined certain types of services to be Electronically Supplied Services ('ESS'). These are the services supplied directly through the internet or an electronic network, where the Supply of the services is principally automatic and requires minimum human interference and can be supplied only with the use of information technology.

These services shall not include communication between the service provider and the Customer - the recipient of the service - by e-mail or similar means. Additionally, the internet can be used to deliver information for business transactions without changing the nature of the transaction and make it a supply of an ESS. For example, businesses can use e-mail to deliver information and the nature of the transaction would remain unchanged.

**ESS include, in particular, the following Services:**

- a) Supply of digitized products generally, including software and changes to or upgrades to software
- b) Providing or supporting a business or personal presence on an electronic network such as a website or a webpage
- c) Services automatically generated from a computer via the Internet or an electronic network, in response to specific data input by the recipient
- d) Transfer for Consideration of the right to put goods or services up for sale on an Internet site operating as an online market on which potential buyers make their bids by an automated procedure and on which the parties are notified of a sale by electronic mail automatically generated from a computer
- e) Internet service packages of information in which the telecommunication component forms an ancillary and subordinate part (i.e., packages going beyond mere Internet access and including other elements such as content pages giving access to news, weather, or travel reports; playgrounds; website hosting and access to online debates)
- f) Website hosting and webpage hosting
- g) Providing digitized content of books and other electronic publications
- h) Providing access and subscriptions to online newspapers and journals, online news, traffic information and weather reports
- i) Accessing or downloading music, jingles, excerpts, ringtones, or other sounds
- j) Accessing or downloading films, video, games, including online games that are dependent on the Internet, or other similar electronic networks, where players are geographically remote from one another

k) Supply of distance education services

l) The supply of advertising space on a website and the related rights to that advertisement; and

m) Live broadcast via the internet.

## **5.2. Place of Supply of Electronically Supplied Services**

### **5.2.1. Special Place of Supply Rule**

Supplies of Electronically Supplied Services follow a distinct rule regarding the place of supply for services, which may differ to the standard rules which refer to the residence of the supplier or customer. Electronically Supplied Services are instead deemed to be supplied at the place of actual use or benefit (enjoyment) of these services. Section 5.2.2 explains how the place of actual use or benefit is determined.

Services which are not regarded as electronic in themselves but are requested, booked or coordinated through electronic means (for example, the booking of a hotel room by mobile application), are subject to the normal place of supply rules which would apply to the underlying service is provided.

**In the example,** the place of supply of motel accommodation - a supply of services connected with real estate – is in the country where that real estate exists. This is not affected simply due to the services being arranged using an electronic platform.

Please refer to the General VAT guide for more information on the general place of supply rule for services, and other exceptions applying outside of Electronically Supplied Services.

### **5.2.2. Determining the Place of Actual Usage or Enjoyment of Electronic Services**

The Executive Regulations set out rules for determining the place of actual use of or enjoyment from the Services. The rules require the supplier to determine if their customer is a Taxable Person or a Non-Taxable Person.

#### **+ The Customer is a Taxable Person**

The place of supply of an ESS to a Taxable Person is the place where the Taxable Person has a place of residence, determined in accordance with five factors specified in Regulations and listed below.

Most Taxable Persons will have a place of residence referred to as a “Workplace” – defined in the VAT Law as “the place where a person is legally established, or the place of the centre of actual management, and in which the main decisions for running the business are taken”.

A Taxable Person may also have a Fixed Establishment which is not the workplace. A Fixed Establishment is also defined in the VAT Law as “any fixed place other than the Workplace, through which any foreign person conducts his activity in the Sultanate partially or in full either directly or by an agent”.

Where a Taxable Person potentially has more than one place of residence then the place of supply is taken as the place of residence most connected to the receipt of the ESS.

**Example:** A French engineering company has a registered branch office in Muscat, and that branch is registered for VAT in the Sultanate. The branch office purchases a subscription to an online access to a technical database operated by a supplier in Singapore. The subscription is used exclusively by employees of the branch office.

In this case, the engineering company has a main Workplace in France and a Fixed Establishment in the Sultanate. As the receipt of services is most closely connected to the Omani fixed establishment, the place of supply is in Oman.

## **The Customer is a Non-Taxable Person**

The place of supply of an ESS to a Non-Taxable Person is the place of actual usage and enjoyment of the services.

For the purposes of determining the place of actual usage and enjoyment, the location must be specified according to the following:

- In the event that receiving the ESS requires the actual presence of the Customer in a specific fixed location: This location is deemed to be the place of use and enjoyment of these Services.
- If receiving the ESS does not require the actual presence of the Customer in a specific fixed location: The Customer's usual place of residence is deemed the place of actual use. Accordingly, the place of usual residence (according to the factors specified in Regulations and listed below) is the Place of Supply of the Services.

### **Determining the Customer's Usual Place of Residence:**

Unless ESS are provided at a specific location, the Supplier of those services must determine the usual place of residence of its Customer. Accurate determination of a Customer's residence can be difficult for the supplier, especially in the case of Customers being individuals without a registered office or place of business. However, the Regulations specify five categories of certain information which may be used by suppliers to determine place of supply for ESS, as these factors are deemed highly indicative of a

customer's usual place of residence. These five categories of information are:

**a) The international symbol for the electronic chip used by the Customer to receive Telecommunications Services and the Electronically Supplied Services.**

**b) The Internet Protocol (IP) address of the device the Customer is using or any other method that identifies the Customer's geographical location.**

**c) The Customer's address as stipulated in the Tax invoice or the documents used to send the invoices.**

**d) Customer's bank account details.**

**e) Other information of a commercial nature.**

**Example:** A Canadian provider of live streaming content has an individual subscriber who has not provided full contact details upon registration. However, the customer accesses content using an Omani IP address, and provides payment details linked to a residential address in Oman. This commercial information should indicate that the usual place of residence is in Oman, and that the place of supply is in Oman.

### **5.3 VAT Application**

VAT applies to services which are supplied in Oman by a Taxable Person. VAT is also applied when services are “imported” into Oman – that is, purchased by an Omani customer from a non-resident supplier.

All Electronically Supplied Services that are supplied in Oman are subject to VAT at the standard rate of 5% unless a specific exception applies.

The taxable value of a supply includes all monetary consideration and non-monetary consideration payable for the supply, less the Tax. It includes any expenses, fees or taxes charged by the Supplier.

In some instances, a service might combine an ESS and other elements. For VAT purposes such single or multiple supplies must be assessed on a case-by-case basis to determine their VAT treatment. Please refer to the General VAT Guide for information on applying VAT to combinations.

#### **5.3.1. Supply of Electronic Services in Oman**

A resident supplier of ESS must, in all cases, charge VAT to the Customer and include this in the tax invoice issued to the Customer – according to the invoicing requirements as per the VAT Law and Executive Regulations.

If the sale price is agreed to be VAT exclusive, VAT at a rate of 5% should be added to the agreed price. Prices published to final consumers in the local market should be shown to be inclusive of VAT. If the price is VAT-inclusive (or if no mention is made to VAT), then VAT should be calculated as:

$$\text{Payable Consideration} \times \frac{5}{105}$$

**For example, if the sale price – inclusive VAT is OMR 60,000, VAT will be calculated as:**

$$60,000 \times \frac{5}{105} = 2,875$$

The default VAT rate on a taxable supply of services in Oman is 5%. The supply may, however, be exempted if it falls under any of the exemption supplies. For example, the provision of educational services through a digital method, from a supplier in Oman to a student in Oman, attracts the same VAT treatment as educational services provided in-person. Therefore, VAT exemption would apply to digital educational services provided by licensed institutions within the Sultanate.

### **5.3.2. Import of Services**

Unlike goods, services are not physically transported into Oman and are not subject to import formalities. Therefore, where electronically supplied services are supplied from a non-resident to a customer in Oman, VAT is collected on the supply from the Taxable Customer, or the non-resident supplier.

When services are received by a Taxable Customer in Oman, that Customer is required to self-account for the VAT liable for the receipt of these services, using the Reverse Charge Mechanism. The Reverse Charge Mechanism allows an easier collection mechanism for B2B supplies (without requiring non-resident suppliers to register). As VAT is still collected, this ensures that such a non-resident business does not gain a competitive advantage over an Omani business offering the same services.

The Reverse Charge Mechanism must be applied when a VAT-registered business imports, or receives, a taxable service from a business that is not based in Oman and the place of supply means the service is liable to VAT in Oman. The Customer is entitled to a deduction of the self-accounted VAT, subject to normal conditions. For fully taxable businesses with full right to Input Tax deduction, this means that the Reverse Charge Mechanism is effectively a reporting requirement only (with no net Tax payable).

Please refer to the published VAT guide on The Reverse Charge Mechanism application for more details.

If a private individual or other non-taxable person receives electronically supplied services – or other taxable services with a place of supply in the Sultanate - from a non-resident supplier, it is normally the supplier's responsibility to account for VAT on this supply. The non-resident would need to register for VAT in Oman and charge the VAT on the supply.

**Example 1:** An Omani individual, who is not registered for VAT, uses an Australian company which specialises in providing web-hosting service to post his content about tourism in Oman. The web-hosting company charges AUD 900 for this service. The private individual is not a Taxable Customer and cannot self-account for the VAT under the Reverse Charge Mechanism. Accordingly, the Australian company is required to register in Oman to charge VAT on the supply.

**Example 2:** A French media company provides an online business news subscription, which can be accessed online by businesses or individuals in Oman for a monthly fee of OMR 10. Falcon Company, a VAT registered company in Oman, subscribed with the online business news service for 1 year starting April 1, 2022. The supply is of Electronic Services and takes place in Oman, therefore, Falcon Company being the Taxable Customer will self-account for VAT on the Reverse Charge Mechanism. Note that the French media company will not be required to register for VAT in Oman due to its supply to Falcon Company or any other Taxable Customers.

## **6. E-commerce Supplies via Agents**

### **6.1 Introduction**

Supplies of Electronic Services include the transfer for Consideration of the right to put goods or services up for sale on an Internet site operating as an online market on which potential buyers make their bids by an automated procedure and on which the parties are notified of a sale by electronic mail automatically generated from a computer.

In the context of E-commerce, supplies of goods and services are made using online markets or similar platforms, where the online market may sell goods or services themselves, as well as act as intermediaries between the supplier and the recipient of goods or services i.e., Agent.

If the online market makes any supplies of goods or services in its capacity as a principal supplier, then the online market is treated as the supplier of those goods or services for VAT purposes. Therefore, it would be required to comply with the VAT rules and obligations which are typically applicable to suppliers of those goods or services.

Where the online market is not acting as a principal supplier of goods or services, it may act as an intermediary/agent which enables a sale of goods and services.

The VAT treatment of supplies using agents will depend on the arrangement between the supplier, the agent, and the recipient of the supply.

## 6.2 Types of Arrangements

An online market or platform acts as an agent or intermediary in providing a platform to introduce and connect sellers of goods and services with buyers. In many cases, the platform could set the parameters of the supply (e.g., the delivery of goods and services, determining the selling price and setting terms and conditions of sale) and may also take on commercial risks for the supply.

Generally, the online market will act in its capacity as the seller of goods or services and charge a commission or fee for these services.

The online market can be seen to act in its capacity as Principal or Agent. Depends on the details of the relationship between the buyer and seller and other circumstances, the online market can either:

- 1) Act as Agent for an underlying supply of goods or services on behalf of a Principal, or
- 2) act as a Principal in receiving the supply of goods or services on his own behalf from the seller and making an onwards supply of those goods or services to the end customer.

## **6.3 VAT Treatment**

### **6.3.1. Acting in Principal's name "disclosed Agent"**

As per Article (19) of the VAT Law, Supply of Goods or Services made by an agent working in the name of a principal and on his behalf is considered as a supply by the principal, except for the supply of Goods or Services from the agent to the principal in the scope of the agent's regular Activity.

In this case, the underlying supply is made directly from seller to end customer, and the Agent may charge consideration to the Principal he acts for.

The underlying supply of goods and services is subject to VAT following the standard rules for a direct supply from a Supplier to a Customer. As a result, the VAT obligations for the supply will remain with the principal supplier.

The agency services provided by the Agent and where the Agent is charging commission or fee for carrying out such services will be considered as a supply of services, which is separate to the underlying supply it arranges on behalf of the Principal. For this supply, the Agent acts as a Supplier, and the Principal as a Customer.

Where the place of supply of the agency services is in Oman – based on the place of supply rules discussed above and determined independently from

the place of supply of the underlying goods and services, the services are considered a taxable supply in Oman and subject to VAT at the standard rate of 5% unless the supplies are exempt or zero rated.

**Example:** EM, an online gaming portal registered for VAT in Oman, is appointed as agent for an Omani mobile game developer ABC LLC which is also registered for VAT. EM is appointed to find buyers for a new developed game, where after 6 months promoting the game to potential buyers, a total number of 3,000 individual game licences are purchased for a total sales price of OMR 30,000.

The sale of the game takes place directly from ABC LLC to purchasers, with VAT at 5% being charged on the invoices issued from ABC LLC to each purchaser for the game price. EM issues a separate invoice to ABC LLC for the commission, being 2% of the sale price. EM's fees is a separate taxable supply.

Please refer to the VAT guide on Agents for more details.

### **6.3.2. Acting in Agent's own name "undisclosed agent"**

As per Article (19) of the VAT Law, the supply of Goods or Services by an agent working in his name, and on behalf of a principal is considered as a supply by the agent.

In this case, the third party or end customer is unaware of the existence of an agency agreement and does not contract directly with the principal.

**For VAT purposes, an undisclosed agent will be involved in two simultaneous supplies of the same goods or services:**

- 1) Receiving a supply of goods or services from the principal; and
- 2) Supplying the same goods or services to end customer.

In effect, the undisclosed agent is treated as the buyer and seller of the underlying goods or services. No separate supply of agency services to the principal is recognized for VAT purposes since the agent acts in its own name. Any "commission" earned for the agent's activity will be included in the value of the outward supply made by the agent.

Services provided by undisclosed agents will be included by the underlying goods and services and will follow the same treatment applicable to the underlying goods and services based on the facts applicable to the agent acting as the supplier.

The VAT treatment for additional services provided by the undisclosed agent to the principal should be determined separately based on specific facts of such services.

**Example:** MED, a company registered for VAT in Oman, is appointed as Agent to find a buyer for a new software product designed by ABC LLC, a software developer in Jordan. After a period of communicating with other companies in its own name, MED approaches a business customer in Oman XYZ LLC, which agrees to purchase the software, and signs a contract with MED in its own name to supply the software from ABC LLC for OMR 100,000.

While the sale is effectively made on behalf of ABC LLC, MED transacts with others in its own name and is seen as a principal for VAT purposes. For VAT purposes, MED is deemed to purchase the software from ABC LLC for OMR 98,000 (total sales price less 2% commission). MED self-accounts for VAT on this supply at 5%.

MED is also deemed to make a supply of the software to the Omani customer, XYZ LLC. MED shall issue a separate tax invoice in its own name to XYZ LLC for the full sales price of the software plus VAT at 5%. This is a separate onwards taxable supply.

Please refer to the VAT guide on Agents for more details.

## 7. Invoicing Arrangements

A taxable supplier must issue a tax invoice for each supply made to any person. The tax invoice can be issued physically or in electronic form which makes the invoice available to the customer.

**The table below summaries the main invoicing arrangements required for VAT under the E-commerce scenarios:**

Invoicing Arrangements	Invoicing Liability
Supply of goods or services made by Taxable Omani supplier	Supplier must issue tax invoice.
Supply of goods or services made by non-Taxable Omani supplier	Not a taxable supply. No requirement to issue tax invoice.
Supply of goods made by non-resident supplier, dispatched from foreign country to customer in Oman	Non-resident supplier issues a commercial invoice in accordance with laws in that country. A tax invoice is not required for Oman VAT purposes. VAT is applied at import based on the import declaration and the commercial invoice.
Supply of goods made by non-resident supplier, dispatched from stock in Oman to an individual Omani customer (non-Taxable)	Taxable supply in Oman. Non-resident supplier must register for VAT and issue tax invoice complying with rules in Oman.
Supply of electronically supplied services made by non-resident supplier to Taxable Customer in Oman.	Non-resident issues a commercial invoice in accordance with the laws in that country. A separate tax invoice is not required for Oman VAT purposes, but the taxable customer must record the value of the tax due on the supply under the Reverse Charge Mechanism (in Omani Rials) on the supplier's commercial invoice.

Supply of electronically supplied services made by non-resident supplier to non-Taxable Customer in Oman.	Taxable supply in Oman. Non-resident supplier must register for VAT and issue tax invoice complying with rules in Oman.
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The taxable person may alternatively issue a simplified tax invoice instead in the event that the value of the supply is less than OMR 500 excluding VAT or any other case specified by the Authority.

In all case, the Tax invoice must be issued at the latest within fifteen (15) days following the date on which any of the events requires the taxable person to issue a tax invoice occurred.

Further, the Taxable Person may issue a Summary Tax Invoice that includes all supplies of goods and services provided to the same customer within a month. Such should be issued within fifteen days of the month end and contains the same details as the tax invoice provided for in Article (144) of the Regulations

The tax invoice, or simplified tax invoice, must clearly show the details and information required as per the Executive Regulations including the invoice date, supplier's tax identification number, taxable amount, tax rate applied, and the amount of VAT charged. The taxable supplier should also be aware of requirements for electronic invoicing, which is required in the cases specified by the Authority. Electronic invoicing requires the taxable supplier

to issue tax invoices or simplified tax invoices in a prescribed electronic format (Electronic Invoices), and to ensure the authenticity of the origin, the integrity of the content and the legibility of the invoice. The Authority shall specify further requirements for the issue and content of Electronic Invoices.

### **7.1 Invoicing in case of Disclosed Agent**

As discussed above, the underlying supply in this case is made directly from seller to end customer, and the Agent may charge consideration to the Principal he acts for.

As a result, it is the responsibility of the Principal to issue the tax invoice for the supply and with his name.

The Principal may appoint a third party (including the Disclosed Agent) to issue its invoices, after obtaining the Authority's approval to do so and subject to the conditions stipulated in the Executive Regulations.

The VAT registered Disclosed Agent must issue a separate invoice to account for VAT on its supply of services to the Principal.

## **7.2 Invoicing in case of Undisclosed Agent**

In this case, the third party or end customer is unaware of the existence of an agency agreement and does not contract directly with the Principal, and the undisclosed agent is treated as the buyer and seller of the underlying goods or services.

The VAT registered Principal must issue the tax invoice to the Agent for supplies arranged by the Agent.

The value of the supply is equal to the net value of the underlying supply: represented by the total value payable by the third-party customer less any remuneration due for the agency agreement.

In addition, the VAT registered undisclosed agent must issue an invoice to the third party to account for VAT on the onwards supply of the underlying goods and services. The value of the supply is the total amount charged to the third party.

### **7.3 Record keeping**

All taxpayers are required by law to keep appropriate VAT records relating to their calculation of VAT for audit purposes. This includes any documents used to determine the VAT payable on a transaction and in a VAT return.

All records must be kept for at least the standard retention period of 10 years after each Tax period, in case of audit. A longer minimum retention period is required for invoices or records that relate to real estate and property; records must be maintained for 15 years from the date of purchase.

Taxpayers are required to maintain their VAT records inside the Sultanate. The records must either be physical documents inside Oman or stored electronically, conditions specified in the Regulations are met to do so but must be made available to the TA on request. This also applies to non-resident taxpayers; in whose case their designated tax representative is responsible for records maintenance according to these principles. Companies that centralize their record keeping outside Oman must have a terminal inside the Sultanate where their Oman-related VAT records are accessible.

Taxpayers shall be responsible for being able to provide any data, records and documents related to VAT in the Arabic language if requested by the TA. Failure to keep or produce the records required by law may result in penalty.

## **8. Input Tax Deduction**

### **8.1 General**

A taxable person may deduct input VAT it bore during the Tax Period in the course of carrying on its economic activity. Input VAT is any of the following:

- **VAT charged on Taxable Supplies of Goods or Services to the Taxable Person by a VAT-registered supplier in the Sultanate of Oman.**
- **VAT self-accounted by the Taxable person under the reverse charge mechanism on services purchased from non-residents; or**
- **VAT paid to the Oman Directorate General of Customs on the imports of goods into the Sultanate of Oman (or VAT reported on imports through the VAT return, where applicable).**

The taxable person may only deduct input VAT charged on goods and services purchased in the course of carrying on economic activity to the extent that such purchases enable the taxpayer to make either taxable or zero-rated supplies.

Deductible input VAT is a credit entered on the VAT return which is offset against the VAT due on supplies made during that period. Input VAT may only be deducted on purchases within the Sultanate of Oman where the taxable person holds a valid supplier tax invoice for that purchase.

Input Tax deduction is subject to the following restrictions:

- **Input VAT, which is related to the taxpayer's VAT exempted activities, is not deductible as input VAT.**
- **Input VAT may not be deducted on any costs not incurred or used as part of the economic activity.**
- **Some expenditure types, such as entertainment expenditures, food and beverage catering services, or costs relating to company vehicles, are also prohibited from deduction.**

## **8.2 Partial Deduction**

VAT incurred which relates to a taxpayer's VAT exempt activities, such as exempt financial services or rent of real estate for residential purposes, is not deductible as input VAT.

A person making both taxable and exempted supplies, can only deduct the input VAT related to the taxable supplies.

If a taxable person incurs general costs or expenses (overheads) in the making of both taxable and exempt supplies, the costs and expenses must be apportioned to determine costs that relate to the taxable supplies.

### **8.3 Input VAT incurred by Agents**

An Agent acting in his own name in receiving supplies of goods or services on behalf of a Principal is treated as if he had received those goods or services for himself. Therefore, an Agent acting in his own name is entitled to deduct input tax on such supplies, provided he holds a Tax Invoice issued in his name and the other criteria for deduction are met.

An Agent acting in the name of his Principal is not entitled to deduct input tax on supplies received in the name of the Principal.

For imports of goods, VAT paid to Saudi Customs is only deductible by the person acting as Importer, where the Importer uses those goods as part of his own taxable activity.

## **9. Further inquiries**

### **9.1 Contact information**

**For more information, please contact:**

**Oman Tax Authority:**

**✚ Muscat, Seeb – South Mawalih**

**✚ P.O. Box: 285, P.C. 100**

**✚ Hours: Sunday – Thursday | 07:30-14:30**

**✚ Telephone: +968 2474 6996 / Call Center:1020**

**✚ Email: [info@taxoman.gov.om](mailto:info@taxoman.gov.om)**

### **9.2 Forms and publications**

Further guidance, forms and publications will be issued by the TA and made available to the public at the TA Taxpayer Portal.

### **9.3 VAT News**

For current VAT news and updates, please visit the TA Taxpayer Portal:

[www.taxoman.gov.om](http://www.taxoman.gov.om)