

# VAT Taxpayer Guide

## Imports & Exports

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## **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?

This guide has been issued to provide interpretation and guidance for the application of the VAT Law and its corresponding Executive Regulations, in relation to imports and exports.

This guide explains the TA's interpretation of key provisions of the VAT Law relevant to import and export of goods and services.

This guide is intended to provide a general overview of the rules applying to the sector. For further guidance on specific transactions, or for matters not addressed by this guide, please get in touch with the TA.

General information about VAT in Oman can be found in the VAT portal of the TA website: [www.taxoman.gov.om](http://www.taxoman.gov.om)

### 1.2 Who should use this guide?

You should read this guide if you export or import goods or services to or from outside Oman.

### 1.3 Definitions

The following terms shall have the meanings specified for the purposes of this guide:

- **VAT Law:** The Value Added Tax Law of the Sultanate of Oman issued by Royal Decree No. 121/2020 dated 12/10/2020 Promulgating the Value Added Tax Law.
- **Executive Regulations:** Regulations to the Value Added Tax Law issued by Tax Authority Decision No. 53/2021 dated 10/03/2021, and as amended by Decision No. 456 of 2022.
- **GCC Member State:** any other member state of the Gulf Co-operation Council of the Arabic Gulf States (GCC), provided this state has fully implemented the provisions of the Unified VAT Agreement for the Cooperation Council for the Unified Arab States of the Gulf. At the time of issue, no states have yet fully implemented this Agreement. During this transitional period, all GCC Member States may be treated as third country states.
- **Taxable person:** person who conducts economic activity independently for the purpose of generating income and is registered with the TA or is required to register pursuant to the provisions of the VAT Law.
- **Directorate General of Customs or 'Customs':** The Directorate General of Customs at the Royal Oman Police.
- **Place of Residence:** The place where the Workplace or Fixed Establishment is located, or the place of usual residence with respect to a natural person that does not have a workplace or permanent establishment, or the place most closely associated with the supply if the person has a residence in more than one state.

- **Common Customs Law:** The Common Customs Law of the GCC, including corresponding and related Customs Regulations and procedures.
- **Input Tax:** tax borne by the taxable person in respect of goods or services supplied to the taxable person or imported for the purpose of conducting the economic activity.
- **Output Tax:** tax charged on taxable supplies of goods and services.
- **First Point of Entry:** The first Customs entry check point for goods entering the GCC from abroad in accordance with the Common Customs Law.
- **Final Destination Point of Entry:** The Customs check point for entry of goods into the state of final destination of such goods in the GCC, in accordance with the Common Customs Law.
- **Goods:** all tangible assets and includes - in particular - water and all types of energy including electricity and gas.
- **Services:** any supply not considered as a supply of goods.
- **Import of Goods:** In Oman VAT Law, import is defined as “the entry of goods from outside the GCC into the Sultanate in accordance with the provisions of the Common Customs Law”.  
However, up until all GCC states have implemented VAT and an electronic tracking system has been introduced, any intra-GCC supply from GCC Member States will also be treated as an import.
- **Import of Services:** for the purposes of this guide import of services shall refer to the supply of services into Oman from a nonresident person, provided the place of supply of such service is in Oman.
- **Resident:** A person or taxable person is considered to be a resident if they have a place of residence in Oman. Anyone who does not fulfill the definition of resident is a non-resident.
- **Importer:** the natural or juristic person importing the goods and/or services.

- **Bayan:** the online single window/one-stop service offering from the Oman Directorate General of Customs. Bayan may also refer to the import/export Customs declaration submitted to the Directorate General of Customs
- **Oman or Sultanate:** the territory of the Sultanate of Oman, including areas outside this territory in which the Sultanate of Oman practices the rights of sovereignty pursuant to its law and international law.

## 2. Registering for VAT

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

VAT registration falls into two categories: mandatory registration and voluntary registration. If a taxable person's total annual value of supplies exceeds the mandatory registration threshold, it is obligated to register. If the value does not exceed the mandatory registration threshold but exceeds a voluntary registration threshold, the person has the option to register voluntarily.

The following are taken into account to calculate the annual value of supplies 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.

The act of importing goods into the Sultanate does not count towards the annual value of supplies made. Note that VAT is applied on all imports of goods into the Sultanate, regardless of whether the importer is registered for VAT.

### **Mandatory registration threshold:**

Every person residing in the Sultanate is allowed to register voluntarily by applying either one of the following tests:

#### **i) Backward Look:**

a. If the total value of supplies made exceeds the voluntary VAT threshold (OMR 19,250) in the current month plus the previous 11 months.

b. If the total value of expenses exceeds the voluntary VAT threshold (OMR 19,250) in the current month plus the previous 11 months.

#### **ii) Forward Look:**

a. If it is expected that the total value of supplies to be made will exceed the voluntary VAT threshold (OMR 19,250) in the current month plus the next 11 months.

b. If it is expected that the total value of expenses will exceed the voluntary VAT threshold (OMR 19,250) in the current month plus the next 11 months.

These tests can be carried out on a monthly rolling basis by an unregistered person engaged in an economic activity. If the answer is yes for either test, the person may register for VAT.

## **Voluntary registration threshold:**

For the purposes of voluntary registration, a person may register based on the value of supplies or expenses. For example, a business that has not yet fully begun economic activity, but intends to, and has incurred expenses subject to VAT in excess of the voluntary registration threshold, may opt to register.

Every person residing in the Sultanate is allowed to register voluntarily by applying either one of the following tests:

### **I. Backward Look:**

- a. If the total value of supplies made exceeds the voluntary VAT threshold (OMR 19,250) in the current month plus the previous 11 months.
- b. If the total value of expenses exceeds the voluntary VAT threshold (OMR 19,250) in the current month plus the previous 11 months.

### **II. Forward Look:**

- a. If it is expected that the total value of supplies to be made will exceed the voluntary VAT threshold (OMR 19,250) in the current month plus the next 11 months.
- b. If it is expected that the total value of expenses will exceed the voluntary VAT threshold (OMR 19,250) in the current month plus the next 11 months.

These tests can be carried out on a monthly rolling basis by an unregistered person engaged in an economic activity. If the answer is yes for either test, the person may register for VAT.

### 3. Import of Goods

Oman VAT is imposed on import of taxable goods into Oman. According to Oman VAT Law:

“Tax shall be imposed on the following transactions:

1. The supply of goods or services by the taxable person in the Sultanate, including deemed supplies.
2. The taxable customer who receives goods or services from a supplier who has no place of residence in the Sultanate and is not subject to tax in the Sultanate in the cases where the reverse charge mechanism is applied.
3. Import of goods.”

#### 3.1. Overview of Import of Goods

According to Oman VAT Law an import of goods is “The entry of goods from outside the GCC into the Sultanate in accordance with the provisions of the Common Customs Law.”

Accordingly, entry of goods into the Sultanate from outside the GCC and clearance of these goods by Customs is considered as an import of goods; import of goods is a separate event to the supply of those goods for VAT purposes. Thus, VAT treatment of the import event must be determined independently from any other supply related to those goods.

**Example:** Company A purchased computer from Company B located in India. The goods will be shipped from India to Oman and Company A will undertake all the formal import procedures. The supply of goods from Company B to Company A will be considered as outside the scope of VAT, however the Import of goods is a separate event that will be subject to VAT.

**Note:** until all GCC Member States have implemented VAT and an electronic tracking system has been introduced, any import from GCC Member States will also be treated as an import from outside the GCC territory.

### 3.2. Territory of the Sultanate

For VAT purposes the territory of the Sultanate is the airspace, land and the territorial waters and where the Sultanate exercises rights of sovereignty, in accordance with international law.

Where the 'first point of entry of goods' from outside the GCC Member States is in the territory of the Sultanate, the place of import is in the Sultanate. This import of goods is normally subject to VAT in Oman.

**Example:** Company A air shipped medical supplies from Finland. The goods first entered the GCC at Muscat International Airport. In this case the place of import is in Muscat in the Sultanate.

### 3.3. Time of Supply of Import of Goods

According to the VAT Law:

“Tax shall be due upon importation on any of the following dates according to the circumstances:

1. Date of import of goods.
2. Date of the entry of goods at the first point of entry in accordance with the provisions of the Common Customs Law.
3. Date of release of the imported goods at the end of the suspension of tax payment in cases where the goods are subject to any suspension of Customs duties in accordance with the provisions of the Common Customs Law.”

The import of goods will take place for VAT purposes once the goods have been cleared by the Oman Directorate General of Customs. Any supply of those goods before clearance will be considered to be made outside the Sultanate and therefore outside the scope of VAT.

**Example:** Company A in Yemen sold spare parts to Company B in Muscat. Before starting the clearance procedures in the Sultanate Company B sold the goods to Company C. This supply by Company B is considered outside the scope of VAT as it occurred before the clearance by Directorate General of Customs.

Any VAT due on imported goods will be calculated and collected by the Oman Customs according to their procedures.

**Note** that special rules apply to transactions in (or movements of) goods under Customs suspension and in connection with Special Zones.

### 3.4. Import of Goods Declaration

Import of goods into the Sultanate must be declared by following prevailing Customs procedures, generally by submitting a Customs declaration called “Bayan”. The importer must provide all required information on the Bayan and follow the procedures set out by the Directorate General of Customs.

Please visit the Bayan Portal or contact Oman Customs for more information on how to fill a Bayan declaration.

### 3.5. Collection of Tax on Imports

Any VAT due on imported goods is collected by the Directorate General of Customs along with Customs duties, other taxes and fees that may be applicable on the imported goods (unless the taxpayer is able to defer the VAT payment – refer to section 3.10). Customs declaration and collection shall be made via the Bayan Portal. The portal will also calculate VAT payable on the imported goods, plus normally enable the payment and collection of VAT.

If the goods are standard-rated under Oman VAT Law, the tax charged will be calculated at 5% of the taxable value of the imported goods in question.

### 3.6. Reimport of Goods

Goods that are temporarily exported from Oman to outside the GCC for completion of manufacturing or repair, then imported back into Oman are considered to be reimported for VAT purposes. When goods are reimported it will usually be valued for VAT purposes based on the value added to them. This value will be equal to the amount that has been provided for in the Common Customs Law and will also be calculated and collected in accordance with the prescribed Customs procedures generally through the Bayan Portal.

### 3.7. Standard Rated Import of Goods

Generally, all goods imported into the Sultanate will be subject to VAT at the standard rate 5%, except for imports that are exempted or zero-rated per the VAT Law and Executive Regulations.

### 3.8. Exempt Import of Goods

Some imports of goods will be exempt from VAT and therefore no VAT will be charged or collected by the Directorate of Customs upon import of those goods.

**According to Oman Law, the following imports of goods shall be exempt or zero-rated:**

1. Imported goods in cases where the supply of such Goods is exempted from tax or subject to tax at a rate of zero percent in the final destination point of entry.
2. Imported goods in favor of diplomatic and consular Bodies, and international organizations, and to heads / members of consular and consular bodies certified by the Sultanate, under conditions.
3. Anything imported by the Armed Forces and Internal Security Forces in all its divisions such as ammunition, weapons, supplies, and military means of transport and parts.
4. Personal effects and used household appliances brought by citizens residing abroad and foreigners who are coming to stay in the country for the first time.
5. Supplies to charities under conditions.
6. Returned goods.

**Note** that the exemption and zero-rating are subject to the conditions and rules specified in the Common Customs Law.

In addition, personal baggage and gifts accompanying travelers arriving in the Sultanate, and requisites for people with special needs are exempt from VAT, in accordance with the conditions and rules determined in the VAT Executive Regulations and as laid out by Oman Customs and / or the TA.

**Example:** The Armed Forces imports supplies from outside Oman. When the goods go through Directorate General of Customs, the items will be exempt from import VAT.

### 3.9. Payment of Tax on Import of Goods

The importer of record will be liable to pay VAT due on import of goods at the time of import. Payment shall be made according to prescribed Customs procedures.

VAT on imported goods is payable whether the import is done by a Taxable Person or a Person not registered for VAT.

In cases where a person uses an agent to import the goods, the agent is liable to pay the VAT to Customs; however, the agent may not claim it as input tax. When the nontaxable person in this case pays the import VAT paid to the agent, this payment will be considered as a disbursement that is not subject to VAT.

VAT on import is normally due at the same time as Customs duties as determined by Directorate General of Customs. Where no Customs duty is due, VAT will be due at the time when Customs duties would have been due.

### 3.10. Deferment of Tax on Imports

An importer registered in VAT may apply to TA to be allowed to defer VAT payment in relation to imports to the time of submission of the VAT return for the imports made in the specific tax period. Application for import deferment may be submitted online to the TA.

The TA will review the application and decide on deferment within 30 days of receipt of complete request information and documents. If the taxable person does not receive a reply, the request will have been considered rejected and VAT shall be collected at the time of import by Oman Customs.

#### **Certain conditions must be met to obtain and keep the right of deferment:**

- The taxable person shall be registered for VAT with TA, and must be compliant with the VAT Law and Regulations
- The taxable person will have to not have been previously convicted of crime stipulated in the Law.
- The imported goods are for the purpose of the taxable person's activity
- The application is submitted one month before entry of goods, and the importer shall provide financial guarantees or similar undertakings as requested by TA
- Note other conditions may be determined by the TA.

The TA will notify the taxable person and the Directorate General of Customs of the approval of deferment.

### 3.11. Customs Duty Suspension Situations and Special Zones

The Common Customs Law states that Customs duties may be suspended when goods are imported into one of the Customs duty suspension situations, in accordance with the Common Customs Law. In these cases, import VAT on these goods shall also be suspended.

#### **According to the VAT Law:**

“Tax payment is suspended on imported goods in cases where Customs duty on these goods is suspended in accordance with the provisions of the Common Customs Law.”

Where VAT on import is suspended for VAT purposes, the importer shall provide a guarantee to the Directorate General of Customs equal to the value of the tax due. The type of guarantee is determined by the Directorate General of Customs and must be valid throughout the period of the tax suspension. VAT shall become payable once the goods are no longer under the suspension situation(s) in question.

### 3.12. Amendment of Customs Declarations

In cases where the TA or Customs discover a discrepancy or error of VAT charged on an import of good, they shall notify the importer.

Where an importer notices any discrepancies or mistakes in the amount charged and collected by Directorate General of Customs or VAT paid, the importer should notify Directorate General of Customs and the TA immediately.

If the amount paid is less than actual which should have been charged, the difference shall be paid to the Directorate General of Customs. However, in cases of overpayment by the importer a refund will be given by Customs if discovered before clearance of the goods. After clearance any approved VAT refund or credit for tax paid may be allowed to the taxable person under procedures set out by the TA.

### 3.13. Input tax deduction related to imported goods

The taxable person may deduct import VAT paid on goods only if they are the importer of record and after the goods have been cleared by Directorate General of Customs. In addition, all conditions of input tax deduction must be met.

## 4. Import of Services

### 4.1. What is an import of services?

Import of services refers to the situation where a resident “imports” or receives services from a non-resident supplier (supplier is a nonresident and nontaxable person in Oman), but where the place of supply of the service is in Oman.

Declarations of imported services are treated differently than that of goods. This is simply because services are intangible therefore cannot be physically seen and declared by the Directorate General of Customs. To determine whether the services are subject to VAT in Oman, the applicable place of supply should be determined per the rules stipulated in the VAT Law and Executive Regulations.

### 4.2. Place of supply of services

Basic place of supply rules for services essentially determine that Oman is the place of supply if the supplier is VAT registered in Oman, provided the customer is not registered in one of the GCC Member States; otherwise the place of supply is the customer’s place of residence.

Note there are exceptions to these basic rules, and special place of supply rules apply to certain categories of services.

**According to Oman VAT Law:**

**The place of supply related to the following services is as follows:**

1. Transport services of goods and passengers, and related services shall be at the place where transportation begins.
2. Services related to real estate shall be at the place where the property is located.
3. Rental services relating to means of transport by a VAT registered supplier to a non-taxable customer shall be at the place where the means of transport are put at the customer's disposal.
4. Wired / wireless telecommunication services and electronically supplied services shall be treated as supplied at the place of actual use or benefit of these services, as determined in accordance with rules specified in the Executive Regulations.
5. The place of supply of restaurant and hotel services, provision of food and beverages, cultural, artistic, sport, educational and recreational services plus services related to goods transported and supplied to a non-VAT registered customer, is the place of actual performance.

#### 4.3. Receipt of imported services by taxable persons

If the taxable person receives services from a supplier who has no place of residence in Oman and the place of supply is in Oman, the taxable person shall be considered as if it supplied these services to itself. Such supplies shall be subject to VAT according to the Reverse Charge Mechanism.

The Taxable Person receiving the supply will report the purchase from a non-resident supplier on his VAT return, and account for the VAT due on the supply as additional output tax. However, if the Taxable Person uses the services for making Taxable supplies, he also able to treat the amount charged under the Reverse Charge Mechanism as deductible Input VAT, subject to the normal rules on Input Tax deduction.

#### 4.4. Receipt of imported services by nontaxable persons

If a non-taxable person receives taxable services with a place of supply in the Sultanate and VAT is due on this supply, 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 before charging the VAT on the supply; note there are industry specific applications of these rules that should be looked at, depending on the nature of the supply being made.

## 5. Export of Goods

### 5.1. Overview

An export of goods is “the exit of goods from the Sultanate to outside the GCC, in accordance with the provisions of the Common Customs Law.”

Thus, exports of goods are essentially supplies of goods with transport starting in Oman to a place outside the GCC States. In these cases, prevailing custom’s procedures must be followed which generally include an export declaration (as noted above, called ‘Bayan’), that must be completed by the exporter for the export of goods.

Until all GCC Member States have implemented VAT and an electronic tracking system has been introduced, any export of goods to GCC countries will be treated as an export from the Sultanate.

**In accordance with the VAT Executive Regulations certain conditions need to be fulfilled for an export to be zero-rated. Zero- percent rate (0%) Tax is imposed on the export of Goods provided that all of the following conditions are met:**

1. The Goods are actually exported to a place outside the territories of the implementing GCC Member States by the taxable person or another person, within a period not exceeding ninety (90) days from the date of supply.
2. The goods are not consumed, used, or changed in any way before the actual date of export, except for operations necessary to prepare those Goods for export.

In all cases, the taxable person supplying the goods for the purpose of export maintains documents evidencing the Export issued by the competent Authorities, in addition to commercial documents related to the export.

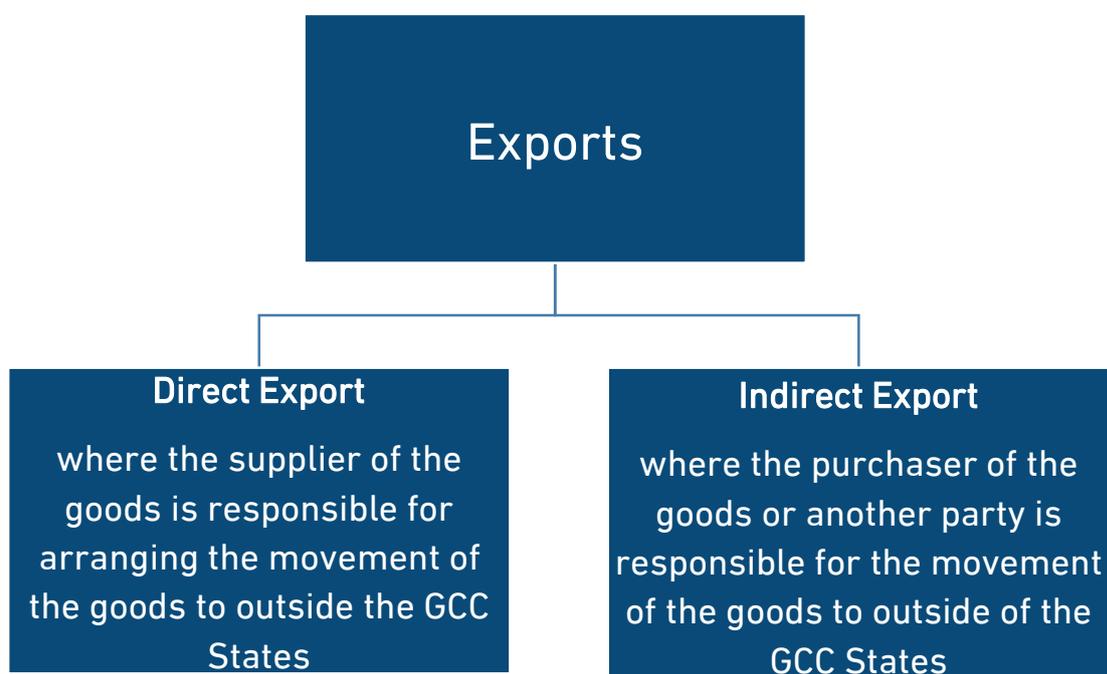
**Official and commercial documents may include:**

- Commercial contracts and invoices between the supplier and customer
- Transportation contracts, invoices, airway bills and bills of lading
- The Customs export declaration or Bayan

It is the supplier's responsibility to ensure all conditions are met for zero rating. The supplier may zero rate the export on the date of the supply, provided he is certain the goods will leave the GCC within 90 days. If the goods do not leave the GCC within this timeframe the goods are not considered to be exported and the supplier must perform any required adjustments.

Goods that are supplied outside Oman and transported to a place Outside Oman are not considered as exports as they are outside the scope of Oman VAT.

## 5.2. Types of Export of Goods



Direct exports and indirect exports differ in who is responsible for the transport of the goods outside the GCC territory. In direct exports it is the supplier, while indirect exports the customer is responsible. In an indirect export, note that where the exporter does not provide sufficient evidence that the goods have left the GCC territory within 90 days, the TA will consider that the goods have not left Oman and therefore the goods will be subject to VAT as if they had not been exported.

The date of supply for the purpose of counting the 90-day period shall be:

- The date the transportation begins for direct exports
- The date the goods are put at the disposal of the customer in the case of indirect exports.

### 5.3. Supplies of Goods after Export Clearance

Once goods have been exported and cleared by Directorate General of Customs, they may be supplied to another customer. Any supplies made after clearance but within Oman are considered to be exports subject to zero rate VAT.

### 5.4. Customs Duty Suspension Situations and Special Zones

Transaction in goods that are placed in Customs suspension are normally zero rated. When goods are transported outside the suspension into Oman, they will be treated as imports and VAT may apply. However, if the goods are exported from the GCC, zero-rating may apply, provided conditions for export are met.

### 5.5. Re-exports of goods imported for processing

The VAT Law states that the re-export of goods that were temporarily imported into Oman shall be zero-rated. For the purpose of VAT this is considered as “goods that have been temporarily imported to the Sultanate for repair, refurbishment, conversion or processing, and services added to it.”

The temporary import and then re-export of goods must meet all the Directorate General of Customs requirements and procedures in addition the supplier must retain the same evidence required for regular exports and be able to prove that all services and goods are used for the purpose of repair, refurbishment, conversion or processing of the re-exported good.

## 5.6. Supplies of Goods at Departure areas of Airports and Ports

Supplies of goods in the departure areas of airports and ports (after Customs and security checkpoints) to travelers with a destination outside the GCC implementing States will be zero rated, provided the supplier has evidence that the customer is heading to a place outside the GCC States and the travelers intends to carry the goods along with them. This evidence includes the boarding pass of the traveler along with their passport or relevant identification.

## 6. Export of Services

### 6.1. Zero Rating Export of Services

Exports of services generally are cases where:

1. the taxable supplier is a resident of Oman
2. the customer is neither a resident person in the Sultanate nor the elsewhere in the GCC
3. the customer benefits from these services outside the GCC
4. the place of supply of the service is in the Sultanate

#### **5. services are not included in Article (24) of the Law, which are:**

- Transportation of passengers and goods and related services
- Real-estate related services
- Lease of means of transport by a taxable person to a nontaxable customer
- Electronic services and telecommunication services
- Restaurant and hotel services, provision of food and beverages, cultural, artistic, sport, educational and recreational services and services related to goods transported and supplied to a non-taxable customer.

The taxable supplier must consider all the available facts as they are responsible for ensuring that the conditions above are met before zero-rating an export of service. Where the taxable supplier cannot ascertain the fulfillment of these conditions, they must not zero rate the service on the basis of it being an export of services. Zero-rating, like VAT exemption, should be strictly applied.

## 6.2. Determining the actual customer of the service

In determining whether a supply of service is an export eligible for zero-rating, the supplier must determine who is the customer benefiting from the service.

The customer must be the actual person receiving and benefiting from the service which may be the same or different from the person mentioned in commercial documents.

**Example:** Company A is a consulting firm registered for VAT in Oman that entered into a contract with Company B in Barbados, who also has a subsidiary in Muscat. Company A provides the services directly to the subsidiary in Oman. Even though the contract is in the name of a nonresident in Oman, the service is not eligible for zero-rating since the actual customer is benefiting from the service in Oman.

## 7. Further inquiries :

### 7.1. Contact Information

**For more information, please contact the TA at:**

- Muscat, Seeb – South Mawalih
- P.O. Box: 285, Post Code 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)

### 7.2. Forms and Publications

Further guidance, forms and publications will be issued by the TA and available to the public in due course.

### 7.3. VAT News

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

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