



## The Information kit upon the issuance of VAT's Executive Decisions

### **Introduction:**

Chairman of Tax Authority (TA) has issued three Executive Decisions related to VAT which will enter into force from April, 16 2021. The first decision determines the mandatory registration threshold and voluntary registration threshold. The second decision determines the deadlines to register while the third one lists foodstuff exempted from the VAT (zero VAT payment).

These decisions came along in line with implementing the provisions of VAT law promulgated by Royal Decree no.121/2020.

### **First Decision: determines the mandatory registration threshold and voluntary registration threshold**

Article (55) of VAT law pointed out that the determination and adjustments of mandatory registration is issued by TA's Chairman after the approval from the Council of Ministers. The decision determines the mandatory registration amounts to (38,500) Thirty Eight Thousands and Five Hundred Omani Rials and in accordance with this decision the taxpayer will be obliged to register at the TA in case his annual supplies stand at (38,500) or more or are expected to reach this ceiling.

Additionally, the decision sets out the voluntary registration of (19,250) Nineteen Thousands and Two Hundred Fifty Omani Rials and states that accordingly, the taxpayer may apply for optional registration in case the applicant's annual supply stand at, or cross or expected to go beyond the value of (19,250).

Determining ceiling for mandatory registration threshold and voluntary registration threshold comes in line with the provisions of the GCC Unified VAT agreement which the Sultanate had signed in Nov, 2016.



## Second Decision: determines the deadlines registration of VAT

This decision took into account a certain level of progression in taxpayer's registration to the TA in according to the volume of their annual supplies, which aims to grant SME sufficient time to prepare and adjust their systems also their mechanisms of filling and billing in order to meet the requirements of the VAT law. The decision as well, sets the deadline of registration which is the date on which the taxpayer will be required to implement the VAT law's provisions including imposing VAT on his supplies (sales).

Accordingly, the taxpayers whose value of annual supplies cross or expected to cross (1000, 000) One Million Omani Rial have to register to the TA during the period from Feb, 1 2021 to March, 15 2021. The date of entry into force should be the date of applying the tax in April, 16 2021. The registration of taxpayers whose value of annual supplies cross or expected to cross (500,000) shall begin next April and the date of enforcement for this category shall be in July, 1 2021.

The decision enable the voluntary registration for taxpayers from Feb, 1 2021 in case the value of annual supplies or expenses cross or expected to cross (19,250) which being set to guarantee zero effect on small and medium business sectors that are willing to register in VAT's system and benefit from features such tax refund which incurred on its savings.

Tax Authority had published recently on the portal guidance clarifies the details of registration for those whose claimed to registration during the first phase ( transitional phase) as well as another guidance upon the preparing of VAT.



### **Third Decision: determines the foodstuff taxable of VAT with zero rate**

This decision determines the foodstuff with zero VAT rate (exempted from VAT), the list includes of 94 Customs Tariff items to be exempted from the VAT and they are as follow:

- ❖ Fish, poultry and meats
- ❖ Dairy products
- ❖ Fresh Eggs
- ❖ Vegetables and fruits
- ❖ Coffee, tea and cardamom
- ❖ Grains
- ❖ Olive oil
- ❖ Sugar
- ❖ Child foods
- ❖ Bread
- ❖ Bottled water
- ❖ Food salt