

VALUE ADDED TAX LAW

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Sultanate of Oman *More than figures*

Royal Decree No. 121/2020

Unofficial Translation

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VALUE ADDED TAX LAW

Chapter - 1

General Definitions and Provisions

Article 1

Definitions

In the application of the provisions of this Royal Decree, the following words and expressions shall have the meanings assigned against each, unless the context otherwise requires:

- **The Authority:** The Tax Authority.
- **The Chairman:** The Head of the Authority.
- **Directorate General of Customs:** The Directorate General of Customs in the Royal Oman Police.
- **The Council:** The Gulf Cooperation Council.
- **The Common Customs Law:** The Common Customs Law for the Arab States of the Gulf.
- **Tax:** The Value Added Tax imposed according to the provisions of this Law, on importing and supplying Goods or Services in every stage of the production and distribution stage.
- **Additional tax:** Tax that shall be levied at the rate of (1%) one percent of the unsettled value of Tax for each month of delay, or part thereof, effective from the end of the respective due date, until the settlement date.
- **Person:** The natural or legal person, including joint ventures, and partnership agreements concluded outside the Sultanate, which do not take the form of a company.
- **Responsible Person:** Any person related to the person liable to Tax, in whatsoever manner, and charged with acting on his behalf in discharging the obligations imposed upon him by virtue of the provisions of this Law.
- **Taxable Person:** A Person who conducts an Economic Activity in an independent capacity with the aim of generating income, and is registered with the Authority, or is obligated to register under the provisions of this Law.
- **Mandatory Registration Threshold:** The minimum value of actual supplies at which the Taxable Person becomes obligated to register for Tax purposes.
- **Voluntary Registration Threshold:** The minimum value of actual supplies at which the Taxable Person may apply to register for Tax purposes.

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- **Tax return:** Data and information specified for Tax purposes and submitted by a Taxable Person in accordance with a form prepared by the Authority.
- **Tax Invoice:** Any written or electronic document issued and containing the details of a supply in accordance with the provisions of this Law.
- **Taxable trader:** A Taxable Person whose main activity is the distribution of oil, gas, electricity or water.
- **Related persons:** Two or more persons, where any of them has supervisory or directive control over the others, in such a way that he has administrative power that enables him to influence the business of the other Persons from a financial, economic or regulatory point of view, and includes persons under the Authority of a third person which enables him to control their businesses financially, economically, or regulatory.
- **Tax year:** (12) twelve months, starting January first and ending by the end of December of every Gregorian calendar year.
- **Tax period:** The time period for which the Net Tax must be calculated and must be included in the tax return filed according to the provisions of article (71) of this Law.
- **Activity:** Any activity conducted regularly, on a continuing basis, particularly industrial, commercial, professional, craftsmanship or service activities.
- **Input tax:** The tax incurred by the Taxable Person in relation to Goods or Services supplied to him or imported for the purpose of carrying on an Economic Activity.
- **Output Tax:** The tax due and charged on the taxable supply of Goods and services.
- **First point of entry:** First customs point of entry through which Goods enter a GCC Member State from outside in accordance with the provisions of the Common Customs Law.
- **Final destination point of entry:** Customs point of entry through which Goods enter the Final Destination State within the GCC Territory in accordance with the Common Customs Law.
- **Taxable value:** The value which constitutes the basis on which the tax is calculated according to the provisions of this Law.
- **Supply:** The supply of Goods or Services for consideration in accordance with the provisions of this Law.
- **Intra-GCC supplies:** Supplies of Goods or Services by a Supplier who has a Place of Residence in the Sultanate to a Customer who resides in another GCC Member State, or vice versa.

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- **Taxable Supplies:** Supplies on which Tax is charged, whether at the standard rate or zero rate, and for which associated Input Tax is deductible pursuant to the provisions of this Law.
- **Exempt supplies:** Supplies on which no Tax is charged, and for which associated Input Tax is not deductible pursuant to the provisions of this Law.
- **Deemed supply:** Everything that is considered a Supply in accordance with articles (14) and (17) of this Law.
- **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 tax.
- **Place of business:** The place where a business is legally established, or the place where the center of the effective management is located in which main decisions are taken for conducting business, if different from the place of establishment.
- **Fixed establishment:** The fixed place of business, other than the Place of Business, in which the business is conducted by a foreign person wholly or partly in the Sultanate, either directly or through a representative.
- **Place of Residence:** The place where there is a Place of Business, or Fixed Establishment, or, I place of usual residence for a natural person, who does not have a Place of Business or Fixed Establishment, or the place most closely connected to the supply, if the Person is resident in more than one country.
- **Goods:** All tangible assets, including water and all types of energy, including electricity and gas.
- **Supplier:** The Person who supplies Goods or Services.
- **Customer:** The Person who receives Goods or Services.
- **Reverse charge:** A mechanism by which the Taxable Customer is liable to pay the Tax due on behalf of the Supplier and is responsible for all the obligations provided for in this Law.
- **Import of Goods:** The entry of Goods from outside into GCC countries to the Sultanate into in accordance with the provisions of the Common Customs Law.
- **Export of Goods:** The exit of Goods from the Sultanate to outside the GCC countries in accordance with the provisions of the Common Customs Law.
- **The Committee:** The Tax Appeals Committee as foreseen in Article (92) of this Law.
- **Regulation:** The Executive Regulation of this Law.

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Article 2

Responsible Person

The Responsible Person is identified as follows:

1. With regard to sole proprietorship:

The owner or the responsible manager in event of imposing receivership, declaration of bankruptcy, liquidation: the receiver or Director of bankruptcy, depending on the circumstances, is the Responsible Person.

2. In relation to an Omani company:

- a) One Person company: The owner or the responsible manager.
- b) Partnership or limited partnership: The partner in the company, or its manager.
- c) Joint Venture Company: the manager appointed by the partners in charge of management of the company, whether he is a partner or not.
- d) Joint Stock Company: The Chairman of the Board of Directors or the director authorized by the Board of Directors.
- e) Limited Liability Company: The manager of the company, or the person responsible for the management of the company.

In cases of imposing receivership, liquidation or declaration of bankruptcy of the company: The receiver, liquidator or Director of bankruptcy, depending on the circumstances is the Responsible Person.

3. With regard to a Fixed establishment:

- a. The owner or manager.
- b. The agent of the owner of the fixed establishment, in case it conducts its activities in the Sultanate through an agent.
- c. The receiver, liquidator or the Director of bankruptcy, In cases of imposing receivership, liquidation or declaration of bankruptcy of the company.

4. Concerning any person who does not have a place of residence in the Sultanate: Any person who has a residence in the Sultanate which is appointed by that person. And it is permissible by a decision of the Chairman to specify the qualifications that must be met by the responsible person.

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Article 3

Right to Appoint Responsible Person

Subject to the provisions of Article (2) of this Law, the Taxable Person must appoint the Responsible Person, and notify the Authority accordingly in accordance to the procedures determined by the Regulation.

In the event of the Taxable Person does not appoint the Responsible Person, the Chairman shall have the right to appoint the Responsible Person related to the taxable activity, provided that the Taxable Person is notified.

Article 4

Period of Absence for a Responsible Person

It is not permissible for the Responsible Person to stay outside the Sultanate for a period of more than (90) days during the tax year, unless after the Authority is notified of this, and the approval of the Authority is obtained to appoint another Responsible Person to replace him throughout the period of his absence.

Article 5

Responsibility of Administrative Apparatus

Units of the Administrative Apparatus of the State must provide the Authority with any statements or information related to the application of the provisions of this Law, whenever required to do so.

Article 6

Records to be Submitted by Competent Court

In scope of applying the provisions of this Law, the Secretariat of the competent Court, upon the Authority's request, shall provide it with copies of the following:

1. Records of seized movables and the date fixed for sale, promptly after the issuance of an order for sale is issued by the Execution Judge.
2. Declarations of properties submitted by garnishees within the garnishment proceedings promptly after submission of the declarations by the garnishee.
3. Notices for attachment of real estate made, after their registration at the concerned Secretariat of Land Register promptly after registration of the notice.

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Article 7

Notification on sale of Moveable/Real Estate Properties

Any person who takes procedures for the sale of moveable properties or real estate properties of taxpayers in public auction, shall notify the Authority of the date fixed for sale. Such notification shall be made at least ten days before that date.

Article 8

Notification Requirements of Licensed Bank

When requesting information related to the Person liable to Tax from a licensed bank, in accordance with the provisions of the Banking Law, referred above for the purpose of implementing the provisions of this Law, the Authority shall address such request to the Central Bank of Oman for onward submission to the licensed bank.

The licensed Bank shall directly notify the Authority, within the specified period, of the information related to the Person liable to Tax, while notifying its client, the Person liable to Tax, of the same immediately.

Article 9

Confidentiality of Taxpayer Information

The taxpayer's data and information are strictly confidential, and may not be disclosed except in cases authorized by Law, or with the written approval of the Taxable Person, or in implementation of a judgment or decision issued by the court, or in implementation of the Committee's decision.

Article 10

Submission of Tax Returns

The taxable person shall submit tax returns, financial statements, records, documents, and others to the Authority electronically. An exception is permitted for handing it in by hand or by registered mail, in the circumstances prescribed under the Regulation.

Article 11

Communication from Authority

The Person liable to Tax shall be notified of decisions made by the Authority

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electronically. An exception is permitted for notifying by hand or by registered post, in the circumstances prescribed under the Regulation.

Chapter - 2 Imposing Tax

Article 12 Scope of Tax

Tax shall be imposed on the following transactions:

- 1- The supply of Goods or Services by a Taxable Person in the Sultanate, including deemed supply.
- 2- Goods or Services received by a Taxable Customer supplied by a Non-Resident who is not a Taxable Person in the Sultanate in instances where the Reverse Charge Mechanism applies.
- 3- Import of Goods.

Article 13 Supply of Goods

A Supply of Goods, in the scope of the application of the provisions of this Law, means the transfer of ownership of such Goods, or the right to dispose of them as an owner, and in particular includes the following:

- 1- Assignment of the possession of Goods according to an agreement that allows for the transfer of ownership of these Goods, or the option to transfer the same at a date subsequent to the date of the agreement, which shall be no later than the date on which the Consideration is paid in full;
- 2- Granting rights in-kind derived from ownership;
- 3- Removal of ownership of the Goods against Consideration in a compulsory manner pursuant to a decision of the Authorities or by virtue of an applicable Law.

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Article 14

Deemed Supply - Goods

In the scope of implementing the provisions of this Law, the following are deemed to be Supply of Goods:

- 1- Disposal of Goods, for purposes other than Activity, whether subject to Consideration or not;
- 2- Changing the use of Goods to use them for non-taxable Supplies;
- 3- Retaining Goods after ceasing to carry on an Economic Activity; and
- 4- Supplying Goods without Consideration, unless such supplying is in connection to the activity, such as gifts or free samples.

In all circumstances, it is conditioned upon the Taxable Person deducting the Input Tax related to those Goods, in order to be considered as a Supply of Goods.

Article 15

Supply in Special Cases

A Taxable Person who transfers Goods forming part of his assets for the purposes of his business from any GCC Member State to the Sultanate, or vice versa, shall be deemed to be making a Supply of Goods, except in the following situations:

- 1- The transfer of Goods is temporary in accordance with the conditions for Temporary Admission stipulated in the Common Customs Law.
- 2- Where the transfer of Goods is done as part of another Taxable Supply in the Sultanate or in the country to which the Goods were transferred.

Article 16

Supply of Service

In the application of the provisions of this Law, a Supply of Services means any supply that is not a supply of Goods, and that includes, in particular, the granting and allocation of rights, the waiving of any rights, including refraining from participating in an activity.

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Article 17

Deemed Supply - Services

In the scope of implementing the provisions of this Law, the following is considered a Supply of Services:

- 1- The use by a Taxable Person of Goods that form part of his assets, without consideration, for purposes other than those of an Economic Activity; and
- 2- Supplying Services without Consideration

Provided that in all cases, the Taxable Person has deducted the Input Tax related to those Services.

Article 18

Supplies not Subject to Tax

Supplies of Goods or Services in the following circumstances are not subject to tax, in accordance with the requirements and conditions determined by the Regulation:

- 1- Supplies made between members of the same tax group are not considered supplies, except for deemed supplies.
- 2 - The supply made between the insurer and the insured in the framework of a settlement of an insurance claim, which is under an insurance contract subject to tax in accordance with the provisions of this Law.
- 3- The supply of Goods or Services by a Taxable Person as part of the transfer of a business activity, wholly or partly, to another Taxable Person.

Article 19

Supply by an Agent

The Supply of Goods and Services through an agent acting in the name of and on behalf of a principal, is considered to be a supply by the principal, excluding the Supply of Goods or Services from the agent to the principal as part of the usual activity of the agent.

The Supply of Goods and Services through an agent acting in his name and on behalf of the principal, is considered to be a supply by the agent.

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Article (20)

Reverse Charge

If the Taxable Person receives taxable Goods or Services from a Person who is a resident in another GCC Member State, then he shall be considered to have supplied these Goods or Services to himself, and the Supply shall be taxable in accordance with the Reverse Charge Mechanism.

In case a Taxable Person receives Services from a person who is not resident in any GCC Member State of the Council, then that Person shall be considered to have supplied these Services to himself and the Supply shall be taxable according to the Reverse Charge Mechanism.

Chapter - 3

Tax Due

Article (21)

Place of Supply - Goods

The Place of Supply of Goods is the Sultanate, in the following two cases:

- 1- If the Goods were placed at the Customer's disposal in the Sultanate, in relation to supply of Goods without transportation or dispatch.
- 2- If the Goods were present in the Sultanate when the process of transportation or dispatch started by the supplier or on behalf of the customer, in relation to supply of Goods with transportation or dispatch.

The place of supply of Goods supplied between the Sultanate and one of the States of the GCC Council, or vice versa, is determined by the rules in the Regulation.

Article (22)

Place of Supply – Oil, Gas and Water

As an exception to the provisions of Article (21) of this Law, the place of supply for the supply of oil, gas and water supplied through pipelines, and the supply of electricity are as follows:

1. If the supply is made by a Taxable Person resident in one of the GCC

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- Member States to a Taxable Trader resident in the Sultanate, or vice versa, the place of supply shall be the place where the Taxable Trader is resident.
2. If the supply is made to a person who is not a Taxable Trader, the Place of Supply is the place of actual consumption.

Article (23)

Place of Supply - Services

The Place of Supply of Services is the Sultanate if the taxable supplier is resident therein, on the condition that the customer is not a Taxable Person and not registered in one of the GCC Member States. Otherwise, the place of supply of the Service is the customer's place of residence.

Article (24)

Place of Supply - Special provisions

As an exception to the provisions of Article (23) of this Law, the Place of Supply for the following services will be as follows:

1. For Goods and passenger transportation and related Services, where the transportation begins.
2. For real estate related Services, where the real estate is located.
3. For transportation lease Services between a Taxable Supplier and a Non-Taxable Customer, the location where these transportation means were placed at the Customer's disposal.
4. For wired and wireless telecommunication Services and electronically supplied Services, the place of actual use or benefit from these Services.
5. For restaurant, hotel, catering and beverage services, cultural, artistic, sport, educational, entertainment services and Services related to transported Goods supplied to a non-taxable Customer, the place where they are actually performed.

Article (25)

Place of Supply - Import of Goods

The place of import of Goods is the Sultanate in the following two cases:

1. If the Sultanate is the First Point of Entry for the Goods.

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2. If the Sultanate is the place where Goods were released from customs duty suspension, in accordance with the provisions of the Common Customs Law.

Article (26)

Date of Supply

The Tax on the Supply of Goods or Services is due on any of the following dates, whichever is earlier, and as determined by the Regulation:

1. Supply date.
2. The date of the issuance of the Tax Invoice.
3. The date of partial or full receipt of the Consideration and to the extent of the received amount.

Article (27)

Continuous Supply

For supplies of a repetitive nature leading to the repetitive issuance of invoices or payments of Consideration, the tax is due on the date mentioned in the invoice or the date of actual payment, whichever comes first, and happens at least once every (12) consecutive months.

Article (28)

Date of Supply on Telecom cards and Vouchers

The Regulation determines the dates tax is due for the supply of prepaid telecom cards, vouchers or other similar supplies.

Article (29)

Date of supply of Imports

Tax is due on import at any of the following dates, depending on the circumstances:

1. The date the Goods were imported.
2. The date the Goods entered the First Point of Entry, according to the provisions of the Common Customs Law.
3. In case the imported Goods were placed under customs duty suspension

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according to the Common Customs Law, on the date that the Goods were released from customs duty suspension.

Article (30)

Date of Supply with respect to Tax Invoices

Tax is due upon issuance of any invoice by any Person which includes a tax amount on the date of issuing the invoice.

Chapter - 4

The Taxable Value

Article (31)

Value of Supply

The taxable value shall be the value of consideration excluding tax. It includes the value of all expenses imposed by the Taxable Supplier on the Customer, and any fees or taxes payable upon supply, excluding discounts, allowances, grants or amounts stipulated by the Regulation.

Article (32)

Value of Supply - Related Party transactions

The taxable value of a Supply of Goods or Services between Related Parties is the market value, if the value of the Supply is less than the market value, in the manner determined by the Regulation.

Article (33)

Value of Deemed Supply

The taxable value in relation to the Deemed Supply shall be the purchase value or cost. If the purchase value or cost cannot be determined, then the fair market value shall apply, in accordance with the manner determined by the Regulation.

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Article (34)

Value of Supply - Imported Goods

The taxable value of imported Goods is determined by the customs value in accordance with the Common Customs Law, in addition to any taxes or fees due on the Import of Goods.

Article (35)

Value of Supply - Temporary Export of Goods

The value of Goods temporarily exported outside the GCC Territory for completion of manufacturing or repair thereof abroad when reimporting them, is determined on the basis of the value added to them as provided for in the Common Customs Law.

Chapter - 5 Calculation of tax

Article (36) Rate of Tax

In accordance with the provisions of Articles (51, 52, and 53) of this Law, tax is imposed on the import and supply of taxable Goods or Services at the rate of five percent (5%) applied on the taxable value.

Article (37)

Value inclusive of Tax

The Taxable Person is obliged to display the prices of the Goods and Services inclusive of tax.

Article (38)

Net Tax Payable

The tax due and payable by any Taxable Person for any tax period is calculated by deducting the total input tax from the total of output tax payable in respect of all the taxable supplies made in that period.

The Taxable Person has the right to receive the refund of the tax if the total output

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is less than the total input in that period, or carry it over and deduct it from tax due in any subsequent tax period.

Article (39)

Profit Margin Scheme

With regard to the sale of used Goods as part of the regular activity of the Taxable Person, the tax is calculated based on the profit margin mechanism, as determined by the Regulation.

Article (40)

Reduction in Value of Supply

The Taxable Person has the right to amend the value of the tax due in the following cases, according to the conditions and controls determined by the Regulation:

1. Cancellation or rejection of the supply, wholly or entirely.
2. Reducing the value of the Supply.
3. If it is not possible to collect the Consideration, in whole or in part.
4. Any other cases that are specified in the Regulation.

Article (41)

Eligibility for Input Tax claims

The Taxable Person has the entitled to deduct for any tax periods, the Input Tax incurred on purchases of Taxable Supplies or Imports during that period, or when he becomes liable for the payment of Tax due, by virtue of being the recipient, according to the Reverse Charge Mechanism.

Article (42)

Non recoverable input tax - Personal Goods

If the Taxable Person makes taxable supplies in addition to exempt supplies, or if part of the Taxable Goods imported are used for purposes other than the economic activity, then Input tax is deducted in accordance with the conditions and procedures set by the Regulation.

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Article (43)

Non recoverable input tax - Prohibited Goods

It is not allowed to deduct input tax from Goods which are prohibited to be imported, or exported, or supplied in accordance with the applicable legislation.

Article (44)

Time period for claiming Input tax

The Taxable Person may request to postpone the deduction of input tax for any tax periods to subsequent tax periods. His right to claim the deduction lapses after the expiration of (3) three years, as from the end of the period in which the right to deduct the tax arose.

Article (45)

Adjustment in Input tax recovery

The Taxable Person must adjust the value of Input Tax deducted by him prior when receiving Goods or Services, in the following cases, according to the conditions and procedures specified in the Regulation:

1. Cancellation of the supply, either partly or entirely.
2. Reducing the value of supply.
3. Failure to pay the Consideration in whole or in part.
4. Change the use of capital assets.

The Taxable Person is not obligated to amend the Input Tax in cases where damage is proven, or in case of loss or theft of Goods, or if the Goods are used as commercial samples or gifts.

Article (46)

Input tax recovery paid before tax registration

The Taxable Person has the right to deduct Input Tax paid on Goods and Services supplied to him or imported by him prior to the date of his registration, according to the conditions and requirements determined by the Regulation.

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Chapter - 6

Exempted Supplies and Taxable Supplies at zero rate

Article (47) **Exempt Supplies**

The following Supplies are exempt from the Tax, in accordance with the conditions and controls determined in the Regulation:

1. Financial services.
2. Provision of health care, and associated Goods and services.
3. Provision of education, and associated Goods and services.
4. Undeveloped lands (bare lands).
5. The resale of residential real estate.
6. Local passenger transport.
7. Renting real estate for residential purposes.

Article (48) **Exemption - Imported Goods**

The following imported Goods are exempt:

1. The Import of Goods in cases in which the supply of these Goods is exempt from Tax or subject to Tax at a zero rate in the Country of Final Destination.
2. Imported Goods for the use by diplomatic and consular bodies and international organizations, and for the heads and members of the diplomatic and consular corps accredited by the Sultanate, on the condition of reciprocity.
3. Goods imported for the armed forces and internal security forces in all divisions, such as ammunition, weapons and military transportation means and equipment.
4. Used personal items and household appliances brought by citizens residing abroad, and foreigners who are coming to reside in the country for the first time.
5. Supplies of non-profit associations.
6. Returned Goods.

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The exemption is in accordance with the conditions and controls stipulated in the Common Customs Law.

Article (49)

Imports of Goods brought (Gift/Luggage) by travelers

Personal belongings and gifts received by passengers traveling to the Sultanate, and for the people with special needs, are exempt from Tax, according to the rules and conditions determined by the Regulation.

Article (50)

Import under Customs suspension regime

The tax on imported Goods is suspended on imports of Goods placed under a customs duty suspension situation in accordance with the provisions of the Common Customs Law.

Article (51)

Zero Rated Supplies

The conditions, limitations and situations in which the zero rate is applicable on the following supplies will be determined in the Regulation:

1. Supply of foodstuffs to be determined by decision of the Chairman.
2. Supply of medicines and medical equipment in accordance with the Regulation determined by a decision of the Chairman, and after coordination with the competent authorities.
3. Supply of investment gold, silver and platinum.
4. Supplies of international transport and intra-GCC transport of Goods and passengers, and the supply of related services.
5. The supply of sea, air and land means of transportation for transporting of Goods and passengers for commercial purposes, and the supply of Goods and services related to these means of transportation.
6. Supplying rescue aircrafts, rescue boats and auxiliary ships.
7. The supply of crude oil and its oil derivatives and natural gas.

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Article (52)

Zero rating - Export

The following supplies to outside the GCC countries are subject to a zero rate, in accordance with the conditions specified by the Regulation:

1. Export of Goods.
2. Supply of Goods or services to a customs duty suspension situation, as provided for in the Common Customs Law.
3. Re-exporting of Goods that have been temporarily imported into the Sultanate for the purpose of repairing them, refurbishment, conversion or processing, as well as the Services added to these Goods.
4. Supply of Services by a Taxable Supplier residing in the Sultanate to a Customer who does not reside in the GCC countries, on the condition that the customer benefits from the services outside the GCC countries, except for the cases provided for in Article (24).

Article (53)

Zero rating of Exempt goods & Services

The supply of Goods and Services out of GCC countries shall be subject to the zero rate and such supply is exempt from Tax inside the Sultanate.

Article (54)

Taxability of Special Economic zone

The supply of good or services from, within or to a Special Economic Zone are subject to the same treatment laid down in the suspension status of the custom duty in accordance with provision of this law and as determined by the regulation

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Chapter - 7 Registration

Article (55) Tax Registration

Each Person engaged in an Economic Activity, and who is resident in the Sultanate, must register with the Authority, in either of the following two cases:

1. If the total value of Supplies achieved by the end of any month, in addition to the 11 months directly prior, exceeds the Mandatory Registration Threshold.
2. If the total value of Supplies expected to make by the end of any month, in addition to the 11 months directly following, exceeds the Mandatory Registration Threshold.

The determination and amendment of the registration threshold shall be set by a decision of the Chairman after its approval from the Council of Ministers.

Article (56) Taxable supplies for Registration threshold

The value of supplies for the purposes of implementing the provisions of this chapter includes the following:

1. The value of taxable supplies, excluding the value of Capital Assets.
2. The value of Goods and services supplied to the Taxable Person who is subject to the Reverse Charge Mechanism.
3. The value of intra-GCC supplies of Goods and services.

Article (57) Registration of Non-residents

Any non-resident Persons of the Sultanate shall register with the Authority starting from the date they are obliged to pay the tax according to the provisions of this Law. He may register directly or through a Tax Representative approved by the Authority. The Tax Representative shall represent the Non-Resident Person in all his tax rights and obligations. The Regulation shall provide the conditions and procedures for hiring a Tax Representative.

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Article (58)

Tax Group

Two or more persons may register with the Authority as a tax group, according to the conditions determined by the Regulation. The tax group is treated, for the purposes of implementing the provisions of this Law, as a separate Taxable Person from the members of the group. The members of the tax group shall be jointly responsible for the tax obligations of the group which arise during the period of their joining.

Article (59)

Power of Authority to Register

The Authority shall register any person who is required to register by application of the provisions of articles (55) and (57) from this Law, in case he has failed to register by the date specified in the Law. The Authority shall also register the related persons that conduct similar or related activities in case their total yearly supplies exceed the Mandatory Registration Threshold, in accordance with the provisions determined in the Regulation.

Article (60)

Exemption from Tax Registration

The person required to register and who makes zero-rated supplies in accordance with the provisions of this Law, has the right to submit an exception from registration request to the Authority in accordance with the conditions, and procedures determined by the Regulation.

Article (61)

Voluntary Registration

Any person resident in the Sultanate, and who makes taxable supplies, and is not required to register as per article (55) of this Law, may request for Voluntary Registration in one of the following two cases:

1. If the total of the value of the supplies he made or the expenses he incurred at the end of any month in addition to the eleven months immediately preceding it, exceeds the Voluntary Registration Threshold.

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2. If the total of the value of the supplies he expects to make or the expenses he incurs at the end of any month in addition to the eleven months after it, exceeds the Voluntary Registration Threshold.

The determination and amendment of the Voluntary Registration Threshold shall be set by a decision of the Chairman after its approval from the Council of Ministers.

Article (62)

Procedure for Registration

The registration application shall be submitted to the Authority, in accordance with the form prepared for this purpose. The Authority shall maintain a record of all registration applications along with their data, after reviewing it and verifying its accuracy and handing over the registration certificate to the Registered Person in accordance with the Regulation.

Article (63)

Authority's Right for Rejection

The Authority has the right to reject the submitted application for registration when the conditions for registration are not met and shall notify the Taxable Person of the decision to reject his registration and the reasons for it.

Article (64)

Requirement to Quote TIN on all Correspondence

The Taxable Person is obliged to mention the Tax Identification Number issued to him by way of the Registration Certificate in all his correspondence, invoices or documents and acknowledgements and notices required to be presented to the Authority in accordance with the provisions of this Law.

Article (65)

Amendment/Updating of Tax Registration

The Taxable Person shall notify the Authority in writing of any changes in the data previously submitted in the registration application within (30) thirty days of such changes taking place. The Authority shall issue the Registration Certificate which shall include the new data.

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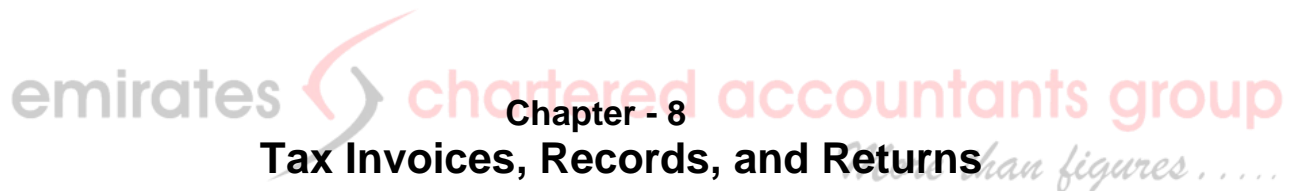
Article (66)

Tax De-Registration

The Taxable Person must apply to the Authority to request a deregistration, according to the conditions and procedures determined by the Regulation, in any of the following cases:

1. Cessation of conducting the activity.
2. Cessation of providing taxable supplies.
3. If the value of his supplies falls below the Voluntary Registration Threshold
4. Any other cases specified in the Regulation.

The Registrant may request the deregistration if the value of his supplies exceed the Voluntary Registration Threshold but falls below the Mandatory Registration Threshold. The Authority may reject the request to deregister if the aforementioned cancellation conditions are not met and shall notify the Taxable Person of the refusal of cancellation of registration and the reasons for it.



Article (67)

Tax Invoices

The Taxable Person must issue a tax invoice when supplying Goods and services, including deemed supplies, or upon full or partial receipt of Consideration prior to the supply date.

The Taxable Person may delegate to others the issuance of the Tax Invoice, conditioned on obtaining the Authority's approval. The Regulation shall determine the rules and conditions for issuing tax invoices, and its types or any forms considered its equivalent, and its amendment, and the data that must be included, and cases excluded from issuing a tax invoice.

Article (68)

Conversion to OMR

The Tax Invoice is issued in Omani riyals, or in any other currency, and when it is

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issued with a foreign currency, tax is calculated in Omani Riyals according to the average purchase and sale price declared by the Central Bank of Oman on the date tax is due.

Article (69) **Record Keeping**

A Taxable Person is obliged to keep regular up to date records and accounting books, which include transactions relating to imports and exports of Goods, and the supply of Goods and services.

The Regulation shall specify the records and books that the Taxable Person is obliged to keep, and the rules and procedures related to them, and the data to be recorded therein, and the documents that must be kept.

It shall not be permissible for the Taxable Person to keep any accounting records or books in a foreign currency, except after obtaining written approval from the Authority.

Article (70) **Retention of Records**

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The Taxable Person shall maintain tax invoices, accounting records and customs documents relating to import and export of Goods, and any other documents related to the implementation of the provisions of this Law in accordance with secured and guaranteed means for (10) Ten years from the date of the end of the Tax Period for which the tax return has been submitted.

The period referred to in the paragraph above is extended to (15) fifteen years for tax invoices, accounting records and books, customs documents, related to Real Estate.

Article (71) **First Return Filing**

The tax period for any Taxable Person will start on the date of registration, and the next tax period begins the day after the expiry of the first tax period.

The Regulation shall determine the tax period for which the Taxable Person is obliged to submit the tax return, provided that it is not less than a month.

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Article (72)

Due date for filing

The Registered Person shall submit a tax return to the Authority within (30) thirty days following the end of the Tax Period in the manner prescribed in the form prepared for this purpose, provided that such return shall include the following in particular:

1. The value of taxable supplies and exempt supplies.
2. The value of the imported Goods.
3. The value of the output tax for the tax period for which the return is filed, and the value of Input tax claimed for deduction.
4. The value of the tax due for the tax period for which the return is filed.

If the return is not submitted by the deadline stipulated in the previous paragraph, the Authority shall be entitled to assess the tax for the tax period, and notify the Taxable Person of the estimation and the basis for the assessment relied upon, as shown in the Regulation.

In all cases, it shall not be permissible to assess the Tax after the lapse of (5) five years from the date of the end of the Tax Period for which the tax return should be filed. The time limit is extended to (10) ten years in case of failure to register in the dates specified in the Law.

Article (73)

Revised Tax Return

The Registered Person shall file a revised tax return if he discovers that the tax return he has filed contains an error or omission, provided that such revised return shall be filed within (30) thirty days following the date he discovers such error or omission.

The revised return filed within the period stipulated under the previous paragraph shall be treated as the original tax return. It shall not be permissible to revise the tax return after the lapse of (3) three years starting from the date of filing.

In all cases, the Taxable Person cannot revise the tax return if the Authority has initiated a tax audit inspection regarding it.

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Article (74)

Authority's Power to Amend Tax Returns

The Authority must revise the tax return filed by the Taxable Person if it discovers that the tax payer has made a mistake, an omission or insufficiency, provided that it shall notify the Registered Person of such amendment, its justifications and the basis for the amendment relied upon, in the manner prescribed in the Regulation.

It shall not be permissible to revise the tax return after the lapse of (3) three years starting from the date of submission, and is extended to (5) five years in cases of five years in cases of proven fraud or following fraudulent means.

Chapter – 9

Inspection

Article (75)

Record Keeping Requirements

The Regulation shall determine the necessary rules and supervision systems on the accounting records, books, documents, computer systems and others, being used by the Registered Person in carrying out his taxable activities in accordance with this Law.

Article (76)

Responsibility of Authorized person

The Authority officials have the right to request the presence of the Responsible Person at the time and place stated in the competent notification to discuss taxable transactions or supplies, or anything in relation to the tax due, in accordance with this Law.

Article (77)

Powers of Tax Officers of the Agency

Employees of the Authority, who have been determined by a decision issued by the competent Authority with the concurrence of the Minister, shall have the capacity for judicial enforcement to implement the provisions of this Law, its Regulation and decisions issued for its implementation.

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Article (78)

Submission of Documents & Records

The Authority shall be entitled to order any person to submit any accounting documents, data, records or books of accounts in his possession and related to the Tax liability of the Taxable Person.

Article (79)

Right to Inspect the Taxpayers Premises

Employees of the Authority who have the capacity for judicial enforcement shall be entitled to enter the premises of the Taxable Person where he is carrying out the activity, and view the accounting records and books, financial statements, documents, data, papers and others related to the implementation of the provisions of this Law, and to obtain copies thereof.

The Taxable Person shall not prevent or attempt to prevent any of the employees of the Authority from carrying out the duties and exercising the authority assigned to them in accordance with the provisions of this Law.

The Taxable Person shall not refuse submission of any data, information, documents, papers or otherwise, whenever requested by the Authority.

Article (80)

Legal Actions

The Authority may take the necessary measures in the event that it is proven that any person has used fraudulent methods or means, or deceit, or that the main objective of any transaction has occurred, or any activity that has taken place, whether before or after the effective date of this Law, with the aim of avoiding being subject, wholly or partly, to the tax due for any tax period, as indicated in the Regulation.

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Chapter – 10

Tax collection and refund

Article (81)

Liability to pay tax

Shall be liable to pay the Tax to the Authority in the following cases:

1. The Taxable Person who supplies Goods or services.
2. The Taxable Customer upon receiving Goods or services from a supplier not resident in the Sultanate in the cases the Reverse Charge Mechanism is applied.
3. The Importer when importing Goods in accordance with the provisions of the Common Customs Law.
4. The person who records the amount of the tax on invoices he issues.

Article (82)

Payment of Due tax

The Tax payable based on the tax return shall be due for payment to the Authority on the due date for the submission of the tax return. *More than figures*

Tax shall be due for payment based on the assessment or amendment carried out by the Authority on the due date specified in the notification sent to the Person liable to Tax, provided that the time limit for the payment of such Tax shall not exceed (30) thirty days from the date of the notification.

In the event of not settling Tax on the due date, Additional Tax shall be due and the Authority shall be entitled to exempt full payment of Additional Tax or part thereof, in accordance with the rules prescribed by the Regulation.

Article (83)

Transfer of Tax Liability

It shall not be permissible for the Person liable to Tax to enter into an agreement for the transfer of its liability to others, and all agreements to this effect shall be invalid.

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Article (84)

Power of DGC to collect VAT on Import

The Directorate General of Customs shall collect Tax on imported Goods by applying the prescribed rate and value subject to tax, and deposit it in a special account to be opened for this purpose in accordance with the rules specified under the Regulation.

Every importer, in case tax due is paid on imported Goods at the first point of entry in any state of the GCC Council, shall provide the Authority with the supporting documents of the payment of tax in the first point of entry, or else tax will be due.

Article (85)

Security Required for Customs Suspension

In case the tax is suspended in accordance with the provisions of Article (50), the supplier is obliged to submit to the Directorate General of Customs the guarantee determined by the Regulation, which is equivalent to the tax due, on the condition that this guarantee is valid throughout the period in which the tax is suspended.

Article (86)

Settlement of Tax on Import

The Taxable Person may request deferral of payment of tax due on imports until the submission of the tax return for the tax period in which the import took place, according to the conditions and procedures established by the Regulation.

Article (87)

Tax Refund

Tax shall be refunded in accordance with the conditions and procedures prescribed under the Regulation, in the following circumstances:

1. The Tax paid by the Taxable Person is in excess of the tax due.
2. Tax paid by foreign governments, authorities, diplomatic, consular and military missions, international organizations, heads and members of the

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- diplomatic and consular corps accredited by the Sultanate of Oman on the condition of reciprocal treatment.
3. Tax paid by any non-resident person of the Sultanate or any GCC Member State, and who is not a Taxable Person.
 4. Tax paid by any resident person of a GCC Member State who is a Taxable Person therein and is not a resident of the Sultanate and not a Taxable Person therein.
 5. Tax paid by tourist visitors of the Sultanate on the Goods purchased, which they carry in their personal baggage when departing out of the GCC Member States.
 6. Any cases determined by virtue of a decision of the Chairman.

Chapter -11

Tax disputes

Article (88)

Objection Against Tax Assessment

The Taxable Person is entitled to object against a tax assessment or adjustment of the tax return by the Authority to the Chairman or from the registration decision, refusal or cancellation within (45) forty five days from the date of being informed of the assessment or adjustment, in the manner prescribed under the Regulation.

The assessment or adjustment of tax return by the Authority to the Chairman or from the registration decision, refusal or cancellation shall be deemed to be final if the complaint is not submitted within the period prescribed. The submission of an objection shall not prevent the collection of Tax, if not postponed in accordance with Article (90) of this Law.

Article (89)

Re-consideration Procedures

The Authority shall reconsider the tax assessment, amend the tax return, registration decision, refusal and cancellation, if the objection is accepted within (5) five months at the latest from the date of filing the objection. This period can be extended by another (3) three months on the condition of notifying the person objecting.

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The Chairman shall issue his decision in respect to the complainant's objection by upholding the assessment, revise the assessment downwards or canceling it, within the remit of the objection filed. Tax shall be collected based on the Chairman's decision, if not already collected.

The expiration of the period specified for settling the objection without issuing a judgment is considered as a refusal decision.

Article (90)

Deferring the Tax Payment

An objector may request deferral of the payment of the disputed tax in full or in part, provided that he submits an application for deferral to the Chairman, including the reasons for such application and the amount of Tax requested to be deferred, within Thirty days from the date of submitting the objection and in the manner prescribed under the Regulations.

As a condition for acceptance of the application for deferral of part payment of Tax the objector shall settle the balance amount of Tax not covered by the application.

Article (91)

Grievance Redressal

The Taxable Person is entitled to file a grievance against the decision of the Chairman by objecting to the Committee within Forty-Five (45) days from the date of the judgement of the Chairman and in accordance with the Regulation.

The decision of the Chairman is considered final if a grievance is not filed within the specified period. It does not prevent against collecting the tax.

Article (92)

Redressal Committee

A Committee shall be constituted based on a decision of the Chairman approved by the Council of Ministers. The Committee shall comprise of a Chairman, Deputy Chairman and (3) three members other than the employees of the Authority.

The Chairman shall be entitled to appoint stand-by members. The meetings of the Committee shall not be valid, unless attended by the Chairman or in case of his

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absence, or with an excuse, the Deputy Chairman and (2) of its members at least. The Committee shall have a Secretary and one or more technical experts. The decision for their appointment shall be issued by the Chairman.

The members of the Committee shall be entitled to receive allowances for attending meetings in accordance with the rules prescribed by the Chairman.

Article (93) **Scope of Committee**

The Committee shall specialize in judging grievances submitted by the Taxable Person against the Chairman's decision on the dispute or objection.

The Chairman shall specify the rules governing the functioning of the Committee, the records to be maintained, the procedure for convening its sessions, the process and timelines for submission of the complaint, the procedure for consideration, and method and mode of notifying decisions issued.

In all cases the Committee shall observe the norms and general principles for litigation procedures, including the principles of opposition, the right of defense, justification of decisions, compliance with means of notification and the timelines prescribed under the Law.

More than figures

Article (94) **Decisions of the Committee**

The Committee shall issue its decision on the grievance relating to the decision by the Chairman by upholding, amending, or cancelling the decision of an assessment by the Chairman within the remits of the objector's grievance. Tax shall be collected based on the decision of the Committee, if not already collected.

The Committee's sessions shall be confidential, and its decisions and justification shall be made by a majority vote of the attendees, and in case of a tie, the decision on the side which includes the session's Chairperson's vote shall prevail.

The decision shall be signed by both the Chairman of the session and the Secretary within (7) seven days from the date of its issuance at the latest.

The Secretary shall notify the objector and the Authority of the Committee's decision within (7) seven days from the date of its signature at the latest.

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Article (95)

Rectification or Amendment of Decision

The Authority may, within (60) sixty days of being notified of the Committee's decision, request rectification or amendment of such decision, if it contains an error in the application of the Law, unless the decision has been appealed against before a competent Court.

In all cases the Registered Person shall be notified of the request of the Authority and the Committee's decision issued in this respect.

Article (96)

Notification of the Decision

The Taxable Person may appeal against the Committee's decision before a competent primary Court composed of three (3) judges, within (45) forty-five days from the date of notification of the decision. An appeal against the Committee's decision shall not prevent the collection of Tax.

Reconciliation and arbitration proceedings shall not be permissible in Tax disputes.

Article (97)

Tax Lawsuit

It shall be permissible for the Court to refer under Article (96) of this Law to consider the Tax lawsuit in a confidential session, and in all cases its judgment shall be issued promptly.

Article (98)

Fee Exemption

The Authority shall be exempt from fees due for lawsuits and tax appeals.

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Chapter – 12 Penalties

Article (99) Violations and Penalties

Without prejudice to any stricter penalty stipulated under any other Law, offenses outlined under the following articles shall be punishable with the penalties prescribed therein.

Article (100)

The following cases shall be punishable with imprisonment for a period of not less than (2) two months and not exceeding (1) one year, or with a fine of not less than (1,000) one thousand Omani Rials and not exceeding (10,000) ten thousand Omani Rials, or either one:

1. Deliberately refraining by the Taxable Person to nominate the Responsible Person.
2. Deliberately refraining by the Taxable Person to notify the Authority and obtain its approval to appoint another Responsible Person during his period of absence of more than (90) ninety days.
3. Deliberately refraining by the Taxable Person to notify the Authority of any amendments to the data in accordance with Article (65) of this Law.
4. Deliberately refraining by the Responsible Person to attend to the request of the Authority.
5. Deliberately refraining by the Responsible Person from submission of the tax return for any Tax Period
6. Failure by the Taxable Person to maintain regular accounting records and books, in accordance with the provisions of this Law.
7. Failure by the Taxable Person to maintain tax invoices and documents for the period prescribed in this Law.
8. Deliberately refraining from submission of the tax invoice required by the provisions of this Law.
9. Deliberate submission of tax invoice containing a tax amount other than the taxes imposed by the provisions of this Law.
10. Committing any act or refraining from doing an act which shall prevent or obstruct the employees of the Authority or its agents from carrying out their responsibilities and duties prescribed under this Law.

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11. Deliberate failure by the Taxable Person, or any other person from submitting any documents, data, records, accounting books or tax invoices as prescribed in Article (78) of this Law.
12. Deliberate inclusion of inaccurate data or information in the tax return.

And in case of repetition of the same action it shall be permissible for the Court to double the penalty, and increase the maximum limit prescribed under this Law for the punishment by imprisonment by not more than half of the limit prescribed.

Article (101)

The following cases shall be punishable with imprisonment for a period of not less than (1) one year and not exceeding (3) three years, or with a fine of not less than (5,000) five thousand Omani Rials and not exceeding (20,000) twenty thousand Omani Rials, or either one:

1. Deliberately refraining from registering with the Authority.
2. Deliberately refraining from reporting the correct data in relation to taxable value and tax payable in on the tax returns.
3. Submission of forged tax returns, documents or records to evade payment of Tax in full or in part.
4. Deliberate destruction, concealment or disposal of any documents, records, accounts, statements or otherwise requested by the Authority to be submitted in accordance with the provisions of this Law, if such destruction, concealment or disposal is done within (1) one year from the receipt of the notice from the Authority.
5. Deliberate instigation or assistance of the Taxable Person in submitting incorrect returns, documents or records in relation to tax liability of the Taxable Person.

It is permissible for the court to seize the methods, means or devices used for carrying out the offences mentioned in this Article.

And in case of repetition of the same action it shall be permissible for the Court to double the penalty, and increase the maximum limit prescribed under this Law for the punishment by imprisonment by not more than half of the limit prescribed.

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Article (102)

Reconciliation of Offences

No public lawsuit or measures shall be taken in relation to an offence committed under this Act, unless based on a request from the Chairman.

The Chairman may agree to a reconciliation on the above offences, provided such reconciliation is before issuance of a final judgment on the case and involves settlement of an amount not less than double the minimum limit, and not exceeding double the maximum limit of the prescribed fine for such offence.

And as a result of reconciliation the public lawsuit shall lapse, and the effects resulting from filing it, including the punishment being judged shall be revoked.

Article (103)

Administrative Penalty

The Regulation shall specify the administrative penalties that may be imposed, including the procedure for objecting against them and the amount of the administrative fine that may be imposed.

Chapter – 13

Final provisions

Article (104)

Transitional Provisions

If an invoice has been issued or payment made for a supply of Goods or Services before the effective date of this Law or before the date of registration, and the supply is made after either of these two dates, the supplier of the Goods or Services is considered to have made the supply after the effective date of this Law or the date of registration in the following two cases:

- 1- If the date of delivery of the Goods is after the effective date of this Law or after date of registration
- 2- If the date of completion of the provision of the Service is after the effective date of this Law or after date of registration.

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Article (105)

Transitional Provisions – Continuous Supplies

For contracts related to continuous supplies, which were concluded before the application date of this Law, or before the date of registration, tax is due for supplies made fully or partly after the application date of this Law, or after the registration, as the case may be.

If a contract did not contain a clause concerning the application of tax, the consideration is deemed to be inclusive of tax, if it is payable under the provisions of this Law, and as determined by the Regulation.

Article (106)

Responsibilities of Residents

The person who is resident in the Sultanate, and performs an activity before the application date of this Law, shall do the following:

1. Calculate the total value of his supplies referred to in Article (56) for this Law, for which he made at the end of the month in which the Law is published in the Official Gazette in addition to the eleven months immediately preceding the publication.
2. Estimate the total value of his supplies referred to in Article (56) for this Law, which he expects to realize by the end of the month in which the Law is published in the Official Gazette in addition to the eleven months immediately following the publishing.
3. Submit the application for registration to the Authority, if the value of any of the referred supplies referred to in clause (1) or clause (2) of this article exceeds the Mandatory Registration Threshold in accordance to deadlines to be decided by the Chairman.

As a consequence of missing the registration deadlines mentioned in the last paragraph, without filing a registration request, the person whose value of supplies exceeds, or is expected to exceed the Mandatory Registration Threshold, in the periods specified in clause (1) and clause (2) of this article, would be considered as registered for tax purposes.

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