

Implementation Guide

Excise Tax



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Table of Contents

1. Introduction	3
1.1 Overview.....	3
1.2 Who should use this guide?	3
1.3 What is this guide about?.....	3
1.4 Definitions	4
2. Reporting Excise Tax	4
2.1 Transitional Excise Tax return steps.....	4
2.2 What goods are subject to Excise Tax?.....	5
2.3 Calculation of Excise Tax	5
2.4 Calculation of Excise Tax on concentrates	5
3. Registering for Excise Tax.....	6
3.1 Who must register for Excise Tax prior to June 15, 2019	6
3.2 How to register for Excise Tax?	7
3.3 Registering for a Tax Warehouse License.....	7
4. Transitional Excise Tax Return and Payment	7
4.1 What is a transitional Excise Tax return?	7
4.2 Do I have to submit a transitional Excise Tax return?.....	8
4.3 Information required on Transitional Excise Tax returns.....	8
4.4 Transitional Excise Tax payments.....	8
5. Further inquiries	9
5.1 Contact information	9
5.2 Forms and publications	9
5.3 Excise Tax news	9

1. Introduction

1.1 Overview

On March 13, 2019, the National Excise Tax Law (“Law”) was issued by His Majesty Sultan Qaboos bin Said via Royal Decree 23/2019. On March 17, 2019, the Law was officially published in the Official Gazette. The Law comes into effect 90 days from this date (i.e., June 15, 2019). The publication of the Excise Tax Executive Regulations (“Regulations”) is expected to be released within six months from the effective date of the Law.

The introduction of Excise Tax in Oman follows the common framework of the Unified Customs Law and the recent implementation of the tax in other Gulf Cooperation Council (“GCC”) countries, including the UAE, KSA, Bahrain and Qatar; it brings a significant change for all businesses that import, manufacture or trade Excise Goods in Oman.

Businesses should monitor further Excise Tax developments including any additional requirements that may arise once the Regulations and other guidelines are published. Businesses are encouraged to assess their compliance requirements of the new tax regime, including the transitional rules, and assess the impact on pricing through their supply chains.

As the authoritative body in charge of the implementation and administration of the Excise Tax in the Sultanate, the Secretariat General for Taxation (“SGT”) has already taken a number of steps along with the issuance of the Law, including drafting other legislative instruments such as the Regulations, designing administrative processes and procedures, developing appropriate IT systems, and drafting additional Excise taxpayer guides and other publications as part of the implementation of the tax.

In due course, the SGT will be releasing further publications and guides to broaden the public’s Excise Tax awareness, ensure compliance, and pre-empt any questions and concerns consumers and businesses may have regarding the new tax. A list of Excise Tax Frequently Asked Questions has been issued and an Excise Tax General Guide will be released in due course. All Excise Tax publications will be published on the SGT website: <https://tms.taxoman.gov.om/portal/web/taxportal/home>.

1.2 Who should use this guide?

As the Law will apply to Importers, 'stockpilers' and local producers of the relevant Excise Goods, any individual or business that is, or is expected to, import, produce or store Excise Goods should refer to this guide. In addition, any person who holds Excise Goods in their inventory prior to implementation of the Law, should also refer to this guide for the purposes of the transitional rules.

1.3 What is this guide about?

With the introduction of Excise Tax in Oman, the SGT is publishing this Implementation Guide to provide an overview of the implementation process of the Tax, including the procedures in filing a transitional Excise Tax return and making a payment to SGT of any Tax Due as per the mentioned transitional Excise Tax return. This guide is intended to supplement the Law, the Executive Regulations and any Ministerial Decision issued by the Sultanate of Oman.

1.4 Definitions

GCC: Gulf Cooperation Council.

Tax: The Excise Tax of Oman.

Law: The Oman National Excise Tax law issued by His Majesty Sultan Qaboos bin Said via Royal Decree 23/2019 on March 13, 2019.

Regulations: The Executive Regulations of the Oman National Excise Tax Law.

Secretariat General for Taxation (SGT): The governmental entity or department in Oman having jurisdiction to administer, collect, and enforce the Tax.

Excise Goods: Goods that are taxable under the provisions of the Law.

Tax Warehouse: A place where the Licensee is allowed to produce, process, possess, store, transport or receive Locally Produced Excised Goods or Imported Excise Goods in a tax suspension situation.

Locally Produced Excise Goods: Excise Goods produced within Oman.

Import of Excise Goods: Entry of Excise Goods from outside the GCC Territory to Oman in accordance with the provisions of the Unified Customs Law.

Unified Customs Law: The Common Customs Law of the GCC States.

Licensee: A person approved by the SGT to produce goods or to process, possess, store, transport or receive Locally Produced Excise Goods or Imported Excise Goods in a Tax Warehouse in the course of carrying on his business.

Tax Due: Tax on Excise Goods due for payment to the SGT.

Liable Person: The person responsible in accordance with the provisions of the Law for calculating, declaring and paying the Tax Due.

Importer: A person who imports Excise Goods.

2. Reporting Excise Tax

2.1 Transitional Excise Tax return steps

Taxpayers required to file a transitional Excise Tax return (see Section 4.2 below) must complete the following steps:

1. Conduct an inventory of any Excise Goods (as listed in Section 2.2 below) in their possession until the day before the date the Law comes into effect (i.e. on June 14, 2019);
2. Based on the calculation method outlined in Section 2.3 below, calculate the Excise Tax Due for the Excise Goods;
3. Submit a transitional Excise Tax return and pay any Tax Due within 15 days from the date the Law comes into effect; and
4. Keep all books and records that would enable the SGT to verify the information contained in the transitional Excise Tax return.

2.2 What goods are subject to Excise Tax?

Goods subject to the Excise Tax in Oman and their applicable Tax rates at the date of publication, are as follows:

- Tobacco and tobacco derivatives: 100%;
- Carbonated drinks: 50%;
- Energy drinks: 100%; and

- Special purpose goods (including alcohol and pork products): 100%.

2.3 Calculation of Excise Tax

Excise Tax is calculated as a percentage of the Excise Tax value of the goods. The Excise Tax value of the goods (i.e., the 'Tax base') shall be the higher of:

- The standard price determined by the SGT in due course; or,
- The retail sale price (RSP) declared by the producer, Importer or Tax Warehouse Licensee of any Excise Goods after deducting any Excise Tax amount included in that price.

In order to determine the RSP included in the displayed price (RSP + Excise Tax), the following should be applied:

- For Excise Goods subject to 50% - multiply the displayed price by 66.67%;
- For Excise Goods subject to 100% - multiply the displayed price by 50%.

The declared RSP is the selling price of the Excise Goods applied in the context of direct retail sale to the consumer, and does not include the value added to the price as a result of the sale and consumption of the goods in hotels, restaurants or similar establishments.

In the case of multiple retail prices for the same type of Excise Good, the retail price of the item should not be less than the average retail price of the market.

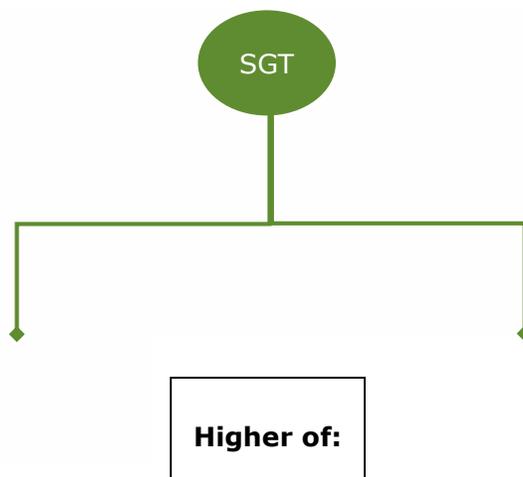
The Excise Tax value should not include VAT after its introduction in Oman.

2.4 Calculation of Excise Tax on concentrates

The value of Excise Tax for concentrates, powders, gels or extracts that can be converted to carbonated drinks or energy drinks is calculated according to the selling price declared by the Liable Person to pay the Tax, less the Tax included, or according to the standard price determined by the SGT on the excise goods whichever is higher.

Example:

Prior to implementation, a company is selling a case of energy drinks at 2.500 OMR. For the purposes of this example, the SGT fixed the Standard Price of the same goods at 2 OMR. Excise Tax will be applied to the higher of the two prices and, therefore, Excise Tax will be applied to the Retail Sale Price. The Excise Tax rate for energy drinks is 100% so the company will apply this rate to their RSP and make a Tax payment of 2.500 OMR payment to the SGT.



Standard Price	Retail Sale Price (declared by Importer, producer, etc.)
Standard Price = 2 OMR	Retail Sale Price = 2.500 OMR
Excise Tax @ 100% X Standard Price =	Excise Tax @ 100% X Retail Sale Price =
2 OMR Tax Due	2.500 OMR Tax Due

3. Registering for Excise Tax

3.1 Who must register for Excise Tax prior to June 15, 2019

Any person engaged in any of the following activities in Oman must register for Excise Tax purposes:

- Producer or Importer of Excise Good;
- Any person who releases an Excise Good for consumption;
- Holder of any Excise Goods for which the Tax Due has not been paid; and
- Licensee.

3.2 How to register for Excise Tax

There is no registration threshold for Excise Tax, therefore any person involved in, or has the intention to be involved in, any of the activities listed in Section 3.1 must register and account for Excise Tax.

Any person involved in, or with the intention to be involved in, any of the activities listed in Section 3.1 must submit an application for registration to the SGT, prior to the implementation of the Law (June 15, 2019).

The following is a non-exhaustive list of information that will be requested from the Liable Person upon registration:

- Full name;
- Income Tax Registration number;
- VAT Registration number (if applicable);
- Customs Registration number (if applicable);
- Description of activity with respect to Excise Goods;
- Business name, address and e-mail address;
- Description of Import activity (if applicable);
- Type of goods imported, manufactured, used in manufacturing, traded or stored;
- If the Taxpayer had their registration cancelled in the past, the date of cancellation (if applicable); and
- Affirmation the information is accurate and complete.

Certain documents will be requested as an attachment to the application (i.e. copy of a Commercial Registry certificate, certain Customs documents and licences, etc.)

In order to register for Excise Tax purposes, please log on to the SGT portal and follow the necessary steps.

The SGT will review the application for registration and will provide an Excise Tax number to the Taxpayer upon approval.

3.3 Registering for a Tax Warehouse License

Those persons who wish to be a Licensee of a Tax Warehouse for the purpose of producing, transferring, possessing, storing or receiving Excise Goods should provide their registration

application for a Tax Warehouse License along with their application for Excise Tax registration prior to June 15, 2019.

4. Transitional Excise Tax Return and Payment

4.1 What is a Transitional Excise Tax return?

A transitional Excise Tax return is a one-off return to declare and pay for the Excise Goods that are released for consumption as described in Section 2.2 above by the date the Law comes into force. The purpose of the transitional Excise Tax return is to capture the Excise Tax Due on all the goods that are already released in Oman's local market when the Excise Tax is implemented.

4.2 Do I have to submit a Transitional Excise Tax return?

The Liable Persons required to submit a Transitional Excise Tax return are not limited to the list stipulated in the Excise Tax General guide, but is expanded in order to capture all Excise Goods released for consumption by the Excise Tax implementation date, and covers the following persons:

- All persons that own and/or hold Excise Goods by the date the Law comes into effect; and
- Intend to sell the Excise Goods for commercial purposes. Such persons will generally include, but not limited to:
 - Local producers of Excise Goods;
 - Importers of Excise Goods;
 - Wholesalers;
 - Supermarkets;
 - Retail shops;
 - Hotels;
 - Restaurants; and
 - Others.

4.3 Information required on Transitional Excise Tax returns

Liable Persons must submit the Transitional Excise Tax returns based on Section 4.2 above and declare their Tax Due within 15 days from the date the Law comes into effect (i.e., June 30, 2019).

As part of the submission of the Transitional Excise Tax return, the following information must be included:

- Business name, address, and contact person;
- Excise Tax identification number (if applicable);
- Description of the business' Excise Tax activities;
- Description of the business' Excise Goods;
- Excise Tax value of the goods (i.e., the 'tax base'), and prescribed Excise Tax, on Excise Good;
- Total Tax Due; and
- Name and signature of taxpayer.

The transitional Excise Tax return is available on the SGT website here: <https://tms.taxoman.gov.om/portal/sgt-profile>.

4.4 Transitional Excise Tax payments

The Liable Persons required to submit the transitional Excise Tax returns based on Section 4.2 above must pay their Tax Due with the submission of the Transitional Excise Tax return. The payment process will be further detailed by the SGT and can be found here: <https://tms.taxoman.gov.om/portal/sgt-profile>

5. Further inquiries

5.1 Contact information

For more information, please contact the SGT:

Secretariat General for Taxation:

Muscat

Muscat, Ruwi

P.O. Box: 285, P.C. 100

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

Telephone: +968 2474 6996

Email: info@taxoman.gov.om

5.2 Forms and publications

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

5.3 Excise Tax news

For current Excise Tax news and updates, please visit the SGT Taxpayer Portal: <https://tms.taxoman.gov.om/portal/web/taxportal/home>